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WAR IN OUR TIME



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FOREWORD

By ALVIN JOHNSON

POLITICAL thought, it has been said, is a by-product of social and institutional change. The formula is no doubt too absolute. Bagehot and Herbert Spencer thought, and thought well, in a period that may justly be called static. But by and large the epochs of fermenting political thought have been epochs of profound changes in the organization of life: the Renaissance, the Reformation, the commercial revolution of the seventeenth and eighteenth centuries, the industrial revolution of the nineteenth and twentieth centuries. Any chart exhibiting realistically the rate of movement in practical political affairs would show the great books clinging for the most part to the peaks of rapid social-evolutionary tempo.

We are living in what even the most cautious will describe as an epoch of tremendous changes in economics, in politics, in ethics, in law, in international relations. All things social-political appear to be in flux. There is no longer any validity in the most sacred of international contracts, as the betrayal of Czechoslovakia amply proves. That regard for the accepted rules of the game honored even by the red-handed conqueror of old has disappeared without trace. What was once known as treason, the betrayal of one's country to an implacable foreign enemy, is now defended as conservative policy, and the word itself has come to be applied to the attitude of old-

fashioned individuals who criticize the traitors. Parties have become transnational. There is a Russian Communist party not only in the democratic countries, but also underground in Germany and Italy. And there are Fascists and Nazis everywhere, alas, not sufficiently underground.

In such an atmosphere it is inevitable that political thinking should be intensified wherever men are free to think at all. The human mind cannot accept the apparent fact of chaos. Mind must, by its very nature, seek out causes, determine directions, expose objectives. It may be cumbered by traditions; in fact, it is usually so handicapped, while the new is still very new and the old has not yet disappeared into the remote background. And this is fortunate, for history proves abundantly that the new is never so new as it seems. Much carries over from age to age, in institutions as well as in thought.

Of all the institutions of our time the one that presents the most revolutionary appearance is war. I do not speak now of the technology of war, of the revolutionary increase in the capacity for mass murder, and the equally revolutionary increase in the cost of killing men, and even infants. Caesar could hew down the soldiers of Ariovistus only in detail, at an estimated cost of twenty-five cents a head. The true-begotten son of a Mussolini could roast alive a whole village population in Ethiopia, at a cost of \$5,000 a head. What more concerns us now is the new phenomenon of "total war." The whole civil population is assimilated to the armies in time of war, but even in time of peace the past war reaches forward and the future war reaches back to clutch the civilian in a brazen fist.

War in our time, total war, in wartime or in so-called peace: what political scientist will match his powers against a theme like that? Certainly no one of the authors whose essays appear in the present book would enter upon so bold a venture. But

what one man cannot do alone a group of men can do, at least provisionally, working in honest co-operation.

Honest co-operation in the intellectual field, as elsewhere, means not the merging of the individual in a collectivity, but the fuller realization of the individual through the give-and-take that eliminates the accidental, the ill-conceived idea, and points up the individual's real intent. The freely co-operating scholars who composed this work have retained each his individual freedom of judgment. But each has faithfully considered the work of the others and has submitted his own work to the others for consideration.

The papers have grown out of the discussions of the General Seminar of the Graduate Faculty of the New School for Social Research. In this seminar, which is attended by all the members of the Faculty, one member after another presents his thesis, to be discussed by his colleagues, students and visiting scholars. Week after week, year after year, this seminar meets, developing the Faculty into an organic entity, in contrast to the conventional faculty of scholars working in virtual isolation, lone wolves in separate cages fed on students more or less abundant and succulent.

This method of true scholarly co-operation is obviously necessary if we are to grapple successfully with the infinity of perplexing problems of today. The authors of *War in Our Time* will stoutly maintain that they have followed the right method. But as to results their claims are the extreme of modesty. The progress of events may prove that every one of their conclusions is wrong. All that the authors dare to hope is that what they have written will stimulate the thought of the reader and enlist him with themselves in the great co-operative enterprise of understanding, to the end that the war in our time may gradually give way to the peace of the time to come.

INTRODUCTION

By HANS SPEIER and ALFRED KÄHLER

TODAY the word "war" connotes less a memory than an apprehension. It is tomorrow's war which governs the imagination. No longer are wars what they were until a few years ago: outstanding events in the past history of nations. They cast their shadows from the future upon the present.

At the same time they have ceased to be the exclusive concern of governments and soldiers. War is about to become a matter of life and death for everybody. We are still at peace, or at least what there is of war is still localized; but in many countries war is already shaping everyday life in schools and offices, on the street and at the table. Its spirit pervades all institutions and by militarizing language contracts the range of intellectual communication. Even the love of peace cannot be shown except on occasions in which a display of peaceableness is deemed expedient for obscuring bellicose ends.

Peace is still cherished by the common man, and there is no reason to doubt that it is cherished by the common man everywhere. But in some countries his work and leisure are so organized that he cannot help increasing the war strength of his country. He is told that this discomfiting situation is necessary for protecting the safety of his nation, for there is no statesman in the world who arms without exalting peace. Yet on no occasion are statesmen more likely to be taken for

actors on the stage of public affairs than when their keyword is peace. On their way to sign treaties that are to protect the common man from war they rush through carefully guarded streets on which only common men stand. The goddess of peace seems to suffocate whenever it is officially resolved to praise her once more. Is the common man to be expected not to notice her plight? Is he to be blamed for his reluctance to believe in peace? He is adding the fear of war to the very few matters which are of vital concern in his life.

The character of the future war is a matter of predictions whose margin of error is large. The predictions are derived from data which progress swiftly outpaces. In this situation the concrete danger, the actual meaning of war, is undefined, and thus imagination is free to anticipate any horror. Yet certain aspects of the new war which are within the reach of observation justify the common man's anxiety. We know that in the next war not only will the families at home worry about their fathers, brothers and sons at the front, but the soldiers will anxiously wait for news of what war has done to women and children at home. After the World War memorials were built for the unknown soldier. After the next war, if the nations of the world build shrines to commemorate their nameless dead, the inscriptions will have to read "To the Unknown Human Being." Since there will be no one who does not fight in one way or another, it will be as difficult for pilots as it is for international lawyers to distinguish a civilian from a soldier. If a man is not engaged in killing he will manufacture guns or produce gas; if he does not work in a plant or a laboratory he will print bread cards or supervise the deliveries of farmers or collect tin cans or write pamphlets or imprison scaremongers. In the future war death's violence will be exacerbated by its inability to discriminate between soldiers and civilians, forts and factories, barracks and hospitals.

Thus war has assumed a totalitarian character. Every technological improvement applied to the machinery of destruction tightens the grip which modern war has on the common man's life. The scope of war has become as large as that of peace, or indeed even larger, since under modern conditions it is the interest of efficient warfare to militarize peace. Hence it is possible to conjecture certain social implications of a future war. The techniques of preparedness as they are being developed in the dictatorial countries today indicate at least the direction into which democracies will be forced to move when war comes. Not the economics of preparedness nor the propaganda of national honor nor the regimentation of labor will remain an exclusive concern of dictatorship. They are of the substance of modern war, whether it be socially anticipated or actually waged; it is the timing rather than the magnitude of the national effort that can be said to depend on a particular form of government. War always concentrates and reveals the potential forces of collective life as they are embodied in the given social organization.

Under modern social and economic conditions once it is resolved to settle international controversies by force there remains virtually no domain of life which cannot be said to require fortification for the sake of increased efficiency. Upon work and recreation alike must be imposed the relentless laws of preparedness. The mobilization plans must include the manipulation of sentiments and opinions, for minds as well as cellars have to be made bombproof.

In these circumstances Mars need no longer be harassed by the age-old controversy between the sword and the pen. He attempts to settle it now by dissimulation. Does he not use a pen himself? In his own Martial way he has become extraordinarily civilized. Today he attends conferences—in order to organize and to calculate, to plan and to appoint public speakers. The god has turned into an administrator, if not a

bureaucrat. He conceals his face behind the mask of efficiency.

Efficiency, like so many other terms, has acquired an equivocal meaning. Said Adam Smith in 1776: "In ancient times the opulent and civilized found it difficult to defend themselves against the poor and barbarous nations. In modern times the poor and barbarous find it difficult to defend themselves against the opulent and civilized." In the meantime we have learned that the wealth of a nation is a potential of destruction as well as of progress. A nation may exceed all others in wealth, technological intelligence and organizational skill, and yet be barbarous. Barbarism has never consisted in poverty; its essence is violence. Some nations have been so busy with becoming "civilized" that they have obscured the relation between the means and the ends of civilization. It is in this way that the meaning of efficiency has come to be confused. Efficiency is required for producing a microscope as well as a scientific instrument of destruction. Planning is necessary for clearing slums as well as for organizing labor in modern war. It appears urgent, therefore, to reconsider Adam Smith's antinomy between civilization and barbarism. Let us insist that civilization must be identified by its policies and morals rather than by its opulence or efficiency. We may admire efficiency, but we should always ask what ends it serves and what price is paid for it.

The following pages contain ample proof that the present preparation for war necessitates disastrous sacrifices of human values. It is indeed one of the main inferences to be drawn from this book that those sacrifices are by no means restricted to the men living in totalitarian countries. In the organization of the world today there prevails an economic and moral interdependence of the national units that compose it. Totalitarian preparation for war in one country is bound to affect the life of the common man in the most distant lands.

War has not yet entered into the life of this nation. In the

United States uniforms are still rare, gas masks are not being distributed, and mobilization plans are still a matter for experts whose names the public hardly cares to know. Even in this country there are signs of nervousness, if not of fear; in the crisis of 1938, when Europe escaped war by the dismemberment of Czechoslovakia, the War Department of the United States was said to be "besieged with requests from towns all over the country, including some far inland, for anti-aircraft protection."¹ But the most immediate experience of the future war which the common man has had so far is seeing domestic politics and sensational "human interest" driven from the front page of his newspaper for a few days or weeks in times of crisis, in order to make room for news from abroad. It is chiefly through the newspapers, the radio, magazines, books and newsreels that the average American has come into contact with the future war. This contact through the media of words, pictures and numbers proffers only a faint acquaintance with the specter that other nations know so well. Everyday life in America is still at peace in that the future war has not yet entered the institutions of society.

The United States still enjoys the blessing of comparative isolation which England has only recently lost. While this is often mistaken for political separation from European embroilments it gives some protection from immediate fear and offers a perspective—two very precious gifts in a profoundly insecure world. For fear paralyzes thinking and from too short a distance the sense of proportions is easily lost.

The members of the Graduate Faculty of the New School for Social Research, in writing this book, could fortunately avail themselves of these advantages and assimilate them to their sustained interest in European politics. The book contains analyses rather than proclamations of creed. Lest what-

¹ *New York Times*, October 23, 1938.

ever detachment can be found in the following essays be misinterpreted it may be permissible to say explicitly that this book has its origin in a concern for the future of civilization, that is, for the preservation and the development of our cultural heritage.

Even in those European countries in which it is still possible for books to be published without the state giving a permit and thereby assuming the authors' intellectual liability, the issues of war and peace are so confused by emotions, and the weight of outworn intellectual traditions presses so heavily upon the mind, that an analysis of war is likely to be judged on its immediate political merits rather than on the grounds of its reasoning. When the discussion of international relations is constantly thwarted by references to the form of government under which peace is to be established, the word peace, like efficiency, becomes equivocal, implying a desire for victory over those who want a different peace. But at the same time everybody wants peace—a universal, unqualified wish for the safety of life and limb. There are various kinds of peace in the respective terms of political creeds, and there is one peace in terms of fear and hope; both the clash of opinion as to what peace is to imply and the pacifism which emerges from fear disturb the procedures of discourse and analysis. The reader will have to judge whether the authors of this book, writing under the more favorable conditions of the American climate of opinion, have succeeded in discussing the issue of war without succumbing either to the anemia of peace at any cost or to the hectic fever of peace only at another's cost.

We have not indulged in speculation as to how peace can be preserved or, rather, truly established. Nor have we encroached upon the domain of military and naval experts by enlarging the literature on the technical aspects of modern armaments and the future war. Our aim has been to analyze and describe

the social implications of war and preparation for war: the increasing penetration and control of our individual and collective life by modern war, and its effect on the forms of our political and social organizations, the working and destiny of democratic institutions, the relations between nations, their financial status, the functioning of the economic systems and the standard of living.

From the facts under review in this volume it appears that the repercussions of war and armament on all phases of twentieth-century life can hardly be overestimated. We are convinced that they must be fully understood if we of our time are to evolve a constructive policy for peace.

The editors and authors of this volume have greatly appreciated the co-operation of Miss Elizabeth Todd. We wish to make use of this occasion to thank her for the great efforts she has expended on these essays in improving their style and methods of presentation. Her editorial experience and literary talents have been invaluable to us.

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WAR IN OUR TIME

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I

POWER POLITICS AND PEACE PLANS

By HANS SIMONS

TWENTY years ago, at the turn from 1918 to 1919, the world was in suspense between armistice and peace. The Armistice had just been prolonged until the preliminaries of peace could be concluded, and the majority of people still expected the peace to be based on President Wilson's fourteen points. Their author put them into a single sentence in his speech at Mount Vernon on July 4, 1918: "What we seek is the reign of law based upon the consent of the governed and sustained by the organized opinion of mankind." The treaties of 1919 did not fulfill this program. Partly because of the inconsistencies between their provisions and the widely accepted general ideas of international conduct, the postwar order has deteriorated from enforced peace to a new armistice.

This development, which has slowly gained ground ever since the armies were demobilized, became the decisive feature of world politics in 1931 when Japan conquered Manchuria. It reached a climax in 1938. Today most of the peoples who ceased fighting in 1918 are again in a state of suspense, this time between armistice and war. For what they anxiously watch seem to be preliminaries of war rather than

of peace, based not on a broad concept of common interests but on irreconcilable national ambitions.

Those, however, who lived through the last world war, shared its abject miseries and lofty emotions, its unreasonable hopes and dreadful disappointments, are reluctant to accept the new state of things as a verdict of history that all the sufferings and sacrifices, the heroic deeds and noble thoughts of that generation were in vain. They refuse to look upon the result of any period as stable. The very changes they have witnessed during the last twenty years must confirm them in their conviction that neither victory nor defeat is definite.

Certainly it is true that present events condition future developments, and in that respect the year 1938 has rightly been called "a turning point in history." It may well be, though, that the outcome of the Spanish civil war, into which has gone so much more supreme effort than into either the incorporation of Austria or the dismemberment of Czechoslovakia, will be of greater historic importance than the talks and dictates of Berchtesgaden and Munich. Japan's invasion of China, for which a higher price in death and human misery has been paid than for all the aggressive actions of Italy and Germany, may be much more of an augury for the future of mankind than the establishment of a German "Mitteleuropa" or a new Italian empire.

But whatever their relative significance, efforts culminating in 1938 removed from the contemporary stage some of the relics of 1919. The view of the background is now less obstructed, and the scenery is more appropriate for the performance of the actors. For the last twenty years the drama has been one of power in a setting of peace plans, more and more unrelated to the plot. Before the new scenery is finally in place an attempt should be made to see what happened, in undistorted perspective.

I

The war to defeat the Central Powers left the victors with the task of enforcing peace for the time being. On the other hand, the war to end war had to be consummated by an effort to organize peace for the future. Largely because the peacemakers of 1919 did not succeed in reconciling these different objectives, neither was achieved. After a painful process of changes one decisive result has now been reached: some inconsistencies between the realities of power politics and the intentions of peace plans have disappeared.

The plan as conceived against the vanquished was plain: they had to be deprived of their means of resistance. This implied many temporary measures, which lost their importance as the years went by. Economic discrimination ceased, the occupied territories were evacuated, the reparation payments were stopped and dictates were replaced by negotiated agreements, long before the defeated countries were strong enough to demand such changes. Only a few terms were meant to last indefinitely, mainly those by which the map of Europe was remade and a new territorial status quo created, those which excluded Germany from the colonial field and, finally, those by which the victors were to maintain military superiority. In formulating these conditions the victors invoked three principles which were supposed to underlie also the plan for a permanent peace: the military, naval and air clauses were imposed "in order to render possible the initiation of a general limitation of the armaments of all nations"; to the colonies and similar territories which were ceded to the principal allied and associated powers "there should be applied the principle that the well-being and development of such peoples form a sacred trust of civilization"; finally, the territorial settlement was based largely on the principle of self-determination.

These three principles formed a link between the peace treaties and the Covenant of the League of Nations. Yet they could not be applied to victors and vanquished alike without endangering the enforced peace of the present, just as they could not be neglected without jeopardizing the planned peace of the future. It is significant that during the last decade most of the troubles endangering peace of either kind have emanated from these sources. Problems of military strength, colonial claims and national self-determination could not be treated in the abstract when certain punitive conditions of the peace treaties had to be maintained. Yet the longer France refused to restrict her armaments, the more moral justification Germany saw for her own rearming. Italy and, later, Germany claimed their share of the "white man's burden," and the less satisfactory were the records of the colonial powers from the viewpoint of "a trust of civilization," the less acceptable was permanent discrimination. The vigorous and sometimes clamorous nationalism of those groups that had been granted self-determination made it more and more difficult to deny this right to others.

The territorial settlement in Europe was supposed to be made "pursuant to the principle of self-determination" because that principle was expected to insure permanent peace and even provide a practical pattern for future changes. But the critics of the treaties contended that it had not been applied equally. Granting this right to the Czechs but withholding it from Austrians and Sudeten Germans, allowing it to Rumanians yet denying it to Hungarians, was regarded as unfair. Especially in the Anglo-Saxon world the revisionist demand, which began immediately after the war, found self-determination an excellent slogan against some of the peace conditions. If the new Europe was to be organized on principles, why were they not used consistently? Moreover, self-determination was part of a democratic international order.

If claims based on it could be presented as expressing the wish of a majority, it was not easy to reject them, especially for public opinion in democratic countries. Thus in France resistance to the exercise of this right in central and eastern Europe was hampered by guilty conscience in influential circles.

The incorporation of Austria and of Sudetenland into Germany has therefore ended a period of uneasiness during which minority protection and maintenance of the status quo became more and more unsatisfactory. Not only have the most vocal groups now exercised the right of self-determination, but they have done it in circumstances which exploded the myth of its democratic implications. It is well known that the Austrian people were prevented from voting on anything before they were conquered, and that they were admitted to a so-called plebiscite only in order to accept an enforced solution. The Sudeten Germans, by supporting the Henlein party, cast their ballots indirectly for autonomy within the state of Czechoslovakia. Only a small minority worked for separation. Here too the vote was taken after the decision had been made not by the people themselves or their elected representatives, but by outside forces. For the "national freedom" they received, about 800,000 Czechs lost their own national freedom, and those remaining on Czech territory lost that political independence which is the supposed objective of national self-determination.

Within the framework of international relations today this slogan need no longer be accepted ruefully by the guardians of democracy. It has become meaningless, though it will be misused for some time to come for revisionist purposes. Furthermore, experience now shows that the principle itself contains no recipe against the ills of international disintegration, for it belongs in a framework of accepted standards, in a hierarchy of values wherein peace, order and friendly co-operation among all nations rank higher than the satisfaction

of a few which disrupts the whole system at the expense of the many.

The result of this clarification may tend to be that minorities who are neither murdered nor tormented will receive less sentimental attention from self-styled humanitarians, and that the protection of minorities abroad who do not care for their minorities at home will gain less support from democratically minded people.

Only one colonial claim has thus far been satisfied. Yet the discrepancy between the concepts underlying the system of mandates and the practice which excludes great powers from that system is likely to disappear. Certain mandated territories may actually reach formal independence—as Iraq did and as Syria is expected to do—while others will certainly return to the status of plain colonies, either at the hands of their present rulers or after a redistribution of colonial territories. The only alternative—an outright pooling of all dependent territories for administration through an international agency—is unfortunately still out of the question. Colonial discussion will thus be reduced to its prewar level. Yet the “record of German rule,” which served to justify the handing over of her colonies to the victors, will be replaced by the record of German rule at home, which will provide a much stronger argument for saving native peoples from German domination—though, strangely enough, German colonial administration might be expected to use less terror than the government at home. Again, a more consistent and realistic approach to an important international problem seems to have been guaranteed by recent events.

The members of the League recognized, in one of the most quoted articles of the Covenant, that “the maintenance of peace requires the reduction of national armaments to the lowest possible point consistent with national safety and the enforcement by common action of international obligations.”

The truly enormous efforts which were made to put this recognition into practice were frustrated because the victors at the same time had the objective of "rendering it impossible for Germany to resume her policy of military aggression," as they put it in their reply to the observations of the German delegation in 1919 on the conditions of peace, though they regarded German disarmament as only "the first step toward that general reduction and limitation of armaments" which they sought to bring about.

There were of course many ephemeral reasons why the disarmament conference of the League of Nations was a failure but the one really at the core of all difficulties was the incompatibility of two objectives: general disarmament as part of the League program, and the individual rearmament of Germany as part of an attempt to reconcile her and restore to her the "equality" for which she asked. Theoretically this equality could have been reached on the basis of the radical Russian proposals, which asked for real and thorough disarmament. That, however, was utopian even before Japan's invasion of Manchuria. Equality could have been reached also by full German rearmament. That, of course, was unacceptable from every viewpoint, and certainly impossible as part of an effort toward a limitation of armaments. The compromise—a slow approximation by increase on the one hand and decrease on the other—was frustrated when Hitler seized power in Germany.

Certainly new political difficulties have grown up from the fact that Germany is rearmed. Still the fact remains that any new discussions of armament limitations will not have to start from both ends, but will be free to deal only with restriction and reductions. And a new disarmament conference is no inconceivable. If for economic reasons the armament race cannot be maintained, and if meanwhile the accumulated military power is used for frightening rather than for fight

ing, a new conference will be able to restrict itself to mere expediencies unrelated to a program of world organization—an advantage the League of Nations never enjoyed.

II

Even more important than the disappearance of political and psychological inconsistencies is the fact that rearmament, notwithstanding all its dangerous implications, has reached a point where—given the present alignment of forces—a remarkable equilibrium is established. In Europe the Rome-Berlin axis, though stronger in driving force, is much weaker in resources, even after Munich, than are Britain and France. Its superiority in the air is matched, for the time being, by France's advantage in trained reserves. Its naval inferiority is balanced by Great Britain's important commitments outside European waters. The Soviet Union is checked by Japan to an extent which prevents her from using her military strength freely in Europe. The potential forces of the United States are far away, and as yet controlled by public opinion opposed to any warlike entanglements. They act, however, as an additional deterrent to aggressors, as they are politically and ideologically grouped with those European nations which are now on the defensive.

A military status quo, a relative equality in military strength, generally maintained through an unprecedented armament race, has replaced the territorial status quo in international importance. The events of 1938, the Czechoslovakian crisis as well as the Japanese-Russian clashes in the Changkufeng area at the Russian-Manchukuoan border, seem to indicate that opponents which are practically equal in strength are especially reluctant to fight. The French and German border fortifications seem to serve this end. It is reliably reported that Hitler would have liked to wage war on Czecho-

slovakia but did not intend to attack either France or Great Britain, even if they had declared war on Germany. He hoped that they in turn would dislike the idea of actually attacking Germany and thus bringing down on their peoples retaliations from the air. But if there had been a war between Germany and Czechoslovakia in which the other powers, while formally fulfilling their treaty obligations and commitments, did not take active part, we would have witnessed, instead of the pacifism of Munich which most people approved of, a situation of plain cowardice, with a correspondingly increased damage to the moral integrity of western Europe.

Although this approximate equality of military strength has brought us to a political deadlock it is achieved at tremendous sacrifices. The military expenditures of the seven great powers rose from 1.5 billion dollars in 1904 to 2.4 billion dollars immediately before the World War. It is significant that in 1932, immediately before the breakdown of the disarmament conference, these same powers spent on armament only about the same amount as they did in 1914, that is, about 2.6 billion dollars. The world total, which was around 3.8 billion in 1932, rose to 17.5 billion dollars in 1938. The seven great powers alone are expected to spend that amount during 1939. The real race began in 1934 and 1935 when Italy prepared for the Ethiopian war and Germany openly started rearmament, both in opposition to the League of Nations.

The military power which is thus established destroys organized collective security, for the latter is possible only if no member of the group concerned is able to put up more armed force than all the others are willing to contribute for the maintenance of international law and order. If a nation, in violating treaties, wages war for what it deems its vital interests, and is opposed by a group of countries defending a principle they regard as only indirectly important for their own se-

curity—be it independence of a fellow country, the existing territorial status, the observance of treaty obligations—the offending nation, if relatively strong, may well threaten war to all or some of the countries co-operating against it. Though these are ready to make some sacrifices for the common cause they are not prepared to wage a life-and-death battle for anything that is not obviously a matter of their own existence. Therefore sanctions which might develop into war will not be applied. Italy was practically free during the Ethiopian war to decide what economic sanctions she would tolerate. Those which she regarded as warlike actions were thereby ruled out, for if she had chosen to attack League members she was strong enough to inflict heavier damage on her neighbors than they were ready to incur for the defense of the Covenant. In a family of nations in which a few members can so challenge coercive action, sanctions for which the other members are not prepared to resort to open warfare have very definite limits.

Furthermore, common action which threatens to transform a local into a general conflict is the reverse of collective security. Mainly for this reason have the smaller countries withdrawn into a policy of neutrality, thus making it impossible to apply collective sanctions against a major power. In 1938 the League accepted that change, and thereby ceased to be a compulsory institution. Except for its purely technical tasks it has become a rather loose ideological group, the real bond of which is provided, however, not by a common form of government or common concepts of domestic policy but by an accepted program of international behavior.

The system of collective security has thus been replaced by an instrument for a concerted public opinion which, though perhaps not now decisive, can assume supreme importance in an international emergency. It is now much easier for the representatives of the member states to express an opinion on international issues. Although it is still legitimate for them to

follow up their declarations with practical measures, they are no longer expected to do so. Since they are thus allowed to remain passive they are freed from the ugly need to compromise the principles of the Covenant in order to evade the consequences. The freer the League members are in terms of political action the freer will they be to take sides in declarations of principle which not only carry some moral weight but ultimately may even anticipate political action.

Nor is this all. Public opinion was notably reluctant to accept some of the material results of the postwar settlement. Outside of Europe it was especially unwilling to identify peace with a definite and permanent territorial status in Europe. Everywhere it doubted the justice as well as the wisdom of some solutions. An important change brought about by the dramatic events of 1938 was that the concepts of peace were emptied of the content created for them by the treaties of 1919. Changes are no longer looked upon as contrary to the implied necessity and sanctity of that settlement. The forces of revision, having grown as strong as those holding for rigid maintenance of the status quo, are now enjoying the same international standing as they. Their ambitions are recognized, and the moral blame which was formerly directed against their demands is now restricted to the methods by which these demands are made. Thus the dynamic character of international politics is finally accepted.

This implies important shifts in the world situation. Defense of the status quo is no longer the common cause of all nations, as it was supposed to be under the Covenant. It is left, on the contrary, to the countries directly concerned. The system of defensive alliances, which disrupted world organization and was inconsistent with collective security, regains its normal function as a balancing element in international affairs.

At the same time, that moral uneasiness which made more

and more people unwilling to guarantee the postwar settlement is now disappearing. This in turn may well end the paralysis in which large groups of public opinion found themselves because of what may be called the guilty conscience of the victors and their supporters. Moreover, those changes which are impending can be made entirely within the limits of legitimate political pressure. Hence they will not be amenable to opposition or support on moral grounds. All the human energy which has been wasted during the last two decades on the vain attempt to identify an ephemeral historic situation with abstract justice is now set free for a much more valuable effort, that of developing peaceful methods of change rather than coercive means of maintaining vested interests.

III

The British policy during the Czechoslovakian crisis centered public attention on such methods of "peaceful change." Of course it is easy to point out that there is no difference between what Germany threatened to gain by force and what she really got by surrender. As a matter of fact, the results of Munich are more favorable for Germany than anything she could have conquered. Even without a general war the price of conquest, in human lives and material destruction, would have been nearly equal to its rewards. But the decisive difference is that between war and no war. In spite of world-wide sympathies with Czechoslovakia, and an even stronger anti-German feeling, the world agreed that peaceful means are preferable, and for these most people were even ready to disregard the circumstances of their use and the results achieved by them.

In this particular case the circumstances and the results were certainly such as to narrow the momentous fact that a change

was brought about without fighting. First of all, the settlement was not voluntary, but was brought about by a threat of war, which could be avoided only because the threatening party was fully satisfied. The essence of peace, which is compromise, was thereby destroyed. Moreover, the sacrifices needed in order to evade war were made at the expense of a third party. Enormous as the losses are for France as well as for Great Britain, they are only indirect; the territorial status quo was changed without any possession of the major powers being touched. And not least in importance, the fact that there were negotiations around a conference table could not hide the fact that the settlement reached was essentially identical to a dictate delivered beforehand. This implies new injustices inflicted upon minorities, and deprives this particular solution of its pacifying effect.

Nevertheless, statesmen who derided conferences, multilateral negotiations and collective co-operation had to join those others who obviously still believed in transferring the methods of parliamentarism to the international scene. In the face of sweeping attacks against everything democratic and against any multilateral, not to speak of universal, form of diplomatic negotiations, this fact is of far more than merely technical importance.

It is true that the system of collective security had been conceived within the democratic international order, and that its breakdown was therefore a defeat for democracy, regardless of what form of government existed in the countries concerned. But it is true too that this system was basically undemocratic because it disregarded change and adaptation, for which the democratic process still provides the only peaceful technique. In so far, then, as the element of change has been reintroduced, and the method of conference and compromise at least formally restored, this defeat is coupled with a significant reassertion. There is no doubt that the Munich confer-

ence was only the first step in a series of far-reaching reallocations and redistributions, in the sphere of international power even more than in terms of national possessions. Nevertheless it seems quite conceivable that future readjustments will be made under more evenly balanced pressure, and in circumstances wherein the method of conference is not rendered meaningless, as far as its results are concerned, by preceding conspiracies which make it impossible for the parties to maintain their freedom of action.

It may be said, therefore, that the existing deadlock, created by the armament race, can be broken in two different ways. One, of course, is a shift of military strength important enough to give marked superiority to one or the other group. This could not be done by achieving greater strength in one arm of the fighting force, dreadful as the immediate results of such superiority might be. The stalemate of today can be overcome, as could the stalemate of the last world war, only by the emergence of a new military power. It took the full effort of the United States to decide the battle in France. It would take nothing less today to bring an end by force to the existing world tension. But just as it would have been quite possible to reach an arranged peace during that war—a possibility which was prevented mainly by the working of war psychology on both sides—so it is theoretically conceivable that decisive adjustments can be made before the diplomatic testing of mutual strength develops into a real showdown. Though propaganda has already created a dangerous state of mind, similar to that produced by actual warfare, there is nevertheless the fundamental fact that today peace has to be maintained and not restored—and that may make all the difference.

The deadlock may be ended also by agreements which would make it possible to stop the accumulation of military strength and to rely on other elements of balance than ma-

terial power. Any attempt to find a peaceful solution in this way may well be frustrated by miscalculations on the part of the responsible statesmen, by domestic difficulties for which an external diversion has to be found, or by personal elements, which become increasingly important the more personal leadership replaces democratic processes. As to the latter, only a crystal-gazer would attempt to prophesy their influence on future developments. Yet aside from that there is one important fact that should not be overlooked. The peace plans of the postwar settlement were universalistic. Looking back, one can safely say that there lies the main reason for their failure. The attempts now being made are directed toward continental consolidation. Though that in itself does not guarantee their success, it certainly makes it more likely.

As for continental consolidation in Europe, there are other circumstances that make it possible at least to visualize a relatively peaceful process of transformation which would be the alternative to war. The only real attempt made in this direction was the four-power pact as drafted by Italy in 1933. It confirmed the principle of treaty revision, though "within the framework of the League of Nations, in a spirit of mutual understanding and solidarity of reciprocal interests." It recognized Germany's claim for equal rights in armaments, as also those of Austria, Hungary and Bulgaria. It even envisaged common conduct in all political and non-political questions, European as well as extra-European, especially in the colonial domain. This program of a new European concert was wrecked on France's stubborn resistance to any revision, on British unwillingness to play a leading part in Continental politics, and on German mistrust of the three other powers. The final text was whittled down to an innocuous declaration of peaceful intentions, and even that was never ratified.

Today a similar program would certainly have a far better chance. In the first place, it is not necessary to act within the

framework of the League of Nations, or to try to get the agreement of scores of governments not directly interested, without which it was formerly not possible to obtain even "the reconsideration of treaties which have become inapplicable and the consideration of international conditions whose continuance might endanger the peace of the world." Furthermore, the French resistance to any sort of revision is ended. The road from France's system of alliances guaranteeing the status quo everywhere in Europe to the Munich settlement is certainly as long as that from a rejection of any colonial concessions to a willingness there too to strike a bargain. Also, the British position in relation to France is much stronger today than it was in 1933, and the British willingness to engage in far-reaching "reconsiderations" is well-nigh unlimited. Finally, the Rome-Berlin axis guarantees to Germany a position in which it is practically out of the question for her to be outvoted. The smaller nations have accepted the directorate of the great powers, and abandoned the League even as an instrument of peaceful change. Neither Austria nor Czechoslovakia has figured on the agenda of either the Council or the Assembly of the League, although it is "the friendly right of each member of the League to bring to the attention of the Assembly or of the Council any circumstance whatever affecting international relations which threatens to disturb the peace or the good understanding between nations upon which peace depends." It is true that the peace plan of the League, had it only functioned, might have produced better solutions than we may achieve now, but certainly power politics will not necessarily fail completely when it attempts to apply the technique of revision, unsatisfactory as the results may be from the point of view of international co-operation for lasting peace.

Similar trends toward continental consolidation are apparent in the Far East as well as in the Americas. Fortunately these

continents, if they can be taken at all as potential units, are not in such irreconcilable opposition as are some of the countries within them. The Lima Conference has shown that some South American governments are careful not to provoke inter-continental clashes. On the other hand, it has established a kind of ideological alignment quite similar to what is left of the League of Nations, that is, a group of countries agreeing on certain international standards analogous to democratic concepts, though without committing themselves to the corresponding form of government. This in itself is an additional protection against the danger, implicit in a premature continental co-operation, that a new form of international tension will precipitate conflicts on an even larger scale. Japan, however, will not realize before the end of her campaign in China that Asia can less than any other continent be organized on a basis of political, economic and ideological self-sufficiency for the yellow peoples. In the long run the universality of formulas in treaties—which never functioned—will be replaced by a universality of purpose—co-operation—which is inseparable from the technical facts of modern life. This is true of peace plans as well as of power politics.

The process of consolidation, however, is not restricted to international power relations. Also within the individual countries it is one of the foremost results of power politics. Again no one would underrate the fearful implications of large-scale rearmament for the domestic as well as for the international field. But does it not provide at the same time a form of national unification which the purely peaceful process proved unable to achieve? It seems possible that national preparedness will become an end in itself, offering those psychological stimulants for which a large part of the people seem to have an urgent need. Certainly there is a terrible waste in the amount of productive energies which go into such a deteriorated kind of national unification. Yet if this be the only

alternative to reaching unification by fighting, and if it satisfy certain instincts revived by the last war—and the whole post-war period seems to indicate that such instincts have to be reckoned with for the time being—if furthermore we are not able to devise any other than this military technique for performing the task, then certainly such rearmament is better than inaction. The more so, as it tends to make war too great a risk whenever it cannot safely be conducted as a local affair.

Thus rearmament seems to be the detour democracy takes in order to overcome certain features of diversity and disintegration which handicap it when it has to compete with dictatorship. Except where there is no immediate foreign threat, as in the United States, the process of military preparation tends to decrease the difference between democracy and dictatorship, at least to an extent which deprives totalitarian states of some of their technical advantages. In any case, the actual as well as the potential efficiency of different international alignments grows more equal, and this equality, coupled with the increasing strength of resistance in a more flexible international system, makes aggression an unpredictable risk.

Finally, rearmament is to some extent a substitute for economic and political expansion. In creating employment, instigating national self-assurance and providing a framework for economic and social planning, it diminishes to some extent the causes of conflict for which it is supposed to prepare the people. This, of course, is a function which is limited in time and effect. Unless other forces replace this provisory expedient it may lead to catastrophe.

IV

Obviously such a reservation is at the basis of any attempt to review the international scene with no more than the unavoidable alarm. For no forces functioning as peace protectors

do so unconditionally, nor will they for a long time. The precarious balance on which peace now depends can be maintained only by continuous adjustments. They in turn are worth while only if they prepare a more definite solution. Too much has to be sacrificed economically and renounced intellectually, too much has to be accepted individually in terms of regimentation and oppression. The people everywhere are asking what they are paying for. And on the answer to this question depends the strength, if not of military and economic preparation, certainly of psychological resistance and actual fighting power.

In regard to this question recent events have clarified the issues. No one doubts that in asking for the union with Austria Germany had a good case, though it was decidedly damaged by the methods which the National Socialists used. Even in the case of the Sudetenland much could be said for a radical solution, though nothing for the way in which it was prepared.

Even to reach this point most people in Germany were very reluctant to fight. When they were expecting war because of the situation in Sudetenland they came near to open rebellion. Actual warfare would have been the heaviest strain on the regime, mainly because the people had been told that rearmament was necessary as a means of self-protection, that the fatherland was threatened and had to be defended. Therefore public opinion in Germany would hardly have stood an undisguised German attack. Whatever the other merits or faults of Chamberlain's trip to Berchtesgaden, in so far as it convinced the German people that nobody else wanted war it was a master stroke. It left Hitler without a pretext. The frantic efforts of the German press to present Czechoslovakia as the aggressor—a hopeless attempt even for a controlled and co-ordinated press, which may lie without any fear of being corrected—could not undo that result, or overcome the

wariness and restiveness of the German public. Peace is the good most Germans are asking for, whether it be peace at a price, "peace with honor," or peace which allows for German predominance. And peace, if necessary, will be defended. There is no common urge for conquest, not even for colonial adventures. The less so since—one of the remarkable results of 1938—the average German is now convinced that "the Führer can get what Germany needs without war."

Italy also had her real grievances. The Ethiopian affair, though not at all popular at the beginning of the campaign, was a national issue of long standing. Yet the public regarded the new Italian empire as the result of that war, not as the beginning of a series of new international adventures. With that conquest the wrong of 1919 was regarded as righted. Years of propaganda have not changed Italian equanimity regarding Corsica, Savoy and other "natural aspirations." As indicated by the agreements of 1935 and their echo in Italy, a compromise in the case of Tunis would be entirely acceptable to Italian public opinion. The Easter treaties with Great Britain brought home to the Italian people the realization that equal rights can be had without war, and the great powers' quick acquiescence to the end of Austria convinced them that political sacrifices are in order as part of the diplomatic game. There is general agreement that the Spanish expedition is unpopular, as reflected in the discreet departure of troops to Spain and their boisterous return. Fighting for Germany is so utterly contrary to Italian feelings that when war threatened over Czechoslovakia the mobilization in Italy not only was postponed to the last moment but also was restricted to the fleet and a small additional land force; moreover, it was done secretly. And public reaction when war was avoided showed no less intense love of peace than anywhere else.

Japan has a case in China, though not against the Chinese people. But she has always overstated it to an extent which has

deprived her of international sympathy and—as far as can be ascertained—has damaged her cause at home. If the government proves able to tie its policy to the religious elements of Japanese nationalism it may be able to carry its people through even greater hardships. But beyond control of China there is no generally accepted goal.

Whatever the plans of irresponsible governments, as a popular movement the attack of the dynamic forces against the postwar order has reached its goals. Unless it transforms itself into a social movement, promising, in Europe, emancipation and free land to the peasants, in the colonies local self-government to natives and everywhere a material instead of only a moral "new life," it has lost its appeal.

On the other hand, the forces of defense begin to see the broad implications of an international revisionism which is carried far beyond the claims of righting alleged wrongs. Chamberlain in his radio address at the height of the Czechoslovakian crisis on September 27 devoted only two sentences to the real issue: "Armed conflict between nations is a nightmare to me; but if I were convinced that any nation has made up its mind to dominate the world by fear of its force, I should feel that it must be resisted. Under such domination, life for people who believe in liberty would not be worth living." He put it in the subjunctive mode though it was already a real case. President Roosevelt, in his message to Congress on January 5, 1939, went a few steps farther, presenting what he regarded as facts in a definite statement: "Where religion and democracy have vanished, good faith and reason in international affairs have given way to strident ambition and brute force." And he drew from that a far-reaching conclusion: "There comes a time in the affairs of men when they must prepare to defend not their homes alone but the tenets of faith and humanity on which their churches, their governments and their very civilization are founded.

The defense of religion, of democracy and of good faith among nations is all the same fight. To save the one we must make up our minds to save all."

It has taken many years of totalitarian policy at home and abroad to bring about such a definition of the international issue. The clarification has become possible now only because the tension can no longer be simplified into a conflict between "haves" and "have-nots." It has come to be recognized as a clash between different forms of national and international life. Democracy, one might say, is a form of government wherein the people agree on the means they will use in trying to achieve ends on which they are free to disagree. Obviously the disagreement has to remain within certain limits lest it make impossible any agreement whatever. Without a set of common concepts, such as national ideals, cultural traditions, religious creeds, no group can stick to accepted methods while pursuing different ends. Totalitarianism, on the contrary, is a system in which no disagreement on ends is allowed, whereas the means are not restricted by any previous agreement. The end justifies the means, which therefore range from persuasion to coercion, from compromise to terror.

What prevents international co-operation today is precisely the same contrast of values. To those who try to transfer their democratic concepts to the foreign field war is a desperate last resort when no agreement on better means can be reached, while to those who conform with the totalitarian attitude it is a normal means of enforcing an agreement on ends. In this respect the international situation today is similar to the tension preceding civil war or revolution, when the groups in conflict disregard their formal agreements on methods in order to enforce an agreement on ultimate purposes. Such a situation is bound to develop if the restrictions on methods make it hopeless for opposing groups to reach any end but that to which the group in power is committed.

The peace plan of 1919 contained such a restriction. It did not leave room for those peaceful changes without which democracy is stagnation instead of a process of adaptation. Also it tried to freeze an incidental distribution of power and possession, making it impossible for the nations to give real meaning and political validity to such common concepts as peace, justice or equality. Power politics broke through that system and enforced a new agreement on certain ends. This agreement, though very vague and wholly provisional, may serve as a framework of reference at a time when other bases of agreement do not yet exist for all nations.

One might disregard this result of the changes which took place during 1938 were it not for the remarkable display of general consensus among all peoples regarding the choice between peace and war. This universal feeling, coinciding with the beginnings of agreement in the diplomatic sphere, may well serve as that common concept without which no agreement on ends is ever possible. Undoubtedly this antiwar trend stems from very different roots. It comes from a religious abhorrence of warfare and also from a lack of religion which makes life in this world the supreme value and thus engenders fear. But whatever its source it forms the only element in the present situation on which a democratic procedure in international affairs may still be based. It forces power politics to present itself as peace plans, and it widens peace plans to a system in which power politics regains its function of providing changeability and flexibility.

If one turns, however, from the last two decades to the future one has to admit that in the long run no formal balance can replace a free co-operation which tries through accepted methods to establish common ends. From this point of view even the reassuring factors of the present situation mean no more than a respite from war. It is possible that the people themselves, even in totalitarian states, will compel their gov-

ernments to "accept without reservation the principle that the peace of the world is superior in importance to every question of political jurisdiction or boundary," though this sentence from President Wilson's first draft for a league of nations has now a rather somber meaning in view of its application to European problems in 1938. But it is not likely that the people would accept the implication which some statesmen seem to make, that the peace of the world is superior in importance also to every question of social progress or government.

Regardless of pressure and propaganda, the people will finally subject any peace policy, domestic as well as international, to the decisive test of whether the order it protects is worth the restrictions it imposes. If it is, then the precarious balance will be transformed into a new collective security not identified with any status of the past. If it is not, it will be overturned by a catastrophe—or its balance will be unsettled by those who can prove at home and abroad that they are able and entitled to replace it by a universal order which is both socially and morally superior.

II

DOMESTIC POLICY AND FOREIGN RELATIONS

By EMIL LEDERER

I

IT IS a well-established principle of international law that no state may interfere in the domestic affairs of any other sovereign state. This would seem to exclude any international conflict as the result of a dissension on internal affairs. Unfortunately this seemingly simple principle collides with the principle of sovereignty itself,¹ according to which the sovereign state determines the limits of its action. Sovereignty implies that every state is within its right in declaring war for whatever reason; no sovereign state need allow any other state or group of states to pass judgment on the lawfulness of its decisions, and if it does, it is always free to refuse any obligation. The principle of sovereignty therefore makes international law a very shaky basis of international order.

Moreover, just as the private and penal laws of the state are laws because the state is ready and able to enforce them, in the same way an effective international law would presuppose a superstate powerful enough to enforce its decrees.

¹ Cf. Chapter III, "Sovereignty."

As such a superstate does not exist, international law depends upon the sovereign states' voluntary adherence or upon the existence of states which will enforce it. Thus the only real guarantee for the principle that no state has a right to interfere in the domestic affairs of another state is that every state or combination of states is strong enough to protect its own sovereignty.

There is, however, another side to this question. It is generally accepted that the relations between sovereign states are independent of their political structures. There are many examples of states of widely divergent character which maintain friendly relations and even alliances. In other words, it has repeatedly been demonstrated that foreign relations and domestic policy are not necessarily interdependent.

The principle of non-interference with other states is, so to speak, "natural" when power states, although openly professing their expansionist aims, are nevertheless reluctant to use or to stir up domestic troubles elsewhere which might easily prove to be contagious. In such a situation foreign policy leads more or less an independent life, and though the states are rivals in the international scene they do not question the authority of their potential enemies at home. In the Prussian war against Austria, for instance, Bismarck was loath to unleash or to support the nationalistic movements in the enemy's state; to him it was of vital importance, even when dealing with an enemy, to respect the authority of the state against any subversive tendencies, national or social.

When a state is in the grip of revolution or civil war the situation in respect to interference is somewhat different. If the acknowledged legitimate government calls for assistance a foreign nation is, according to international law, within its right if it responds. In this situation its action is called intercession. A sovereign state, however, can recognize a rebel government as legitimate, can give its support and even overt

military assistance. Such intervention in support of a revolution may play a significant role in the outcome. It can easily develop into an international war if both the legitimate government and the rebellious group win the open support of foreign powers. Such a possibility has threatened Europe since the beginning of the Spanish civil war.

In the prewar world, however, it was rare for any nation to agitate among the subjects of another state, or openly to take sides in peacetime domestic affairs, except in the case of national movements of minorities. Irredentas, it is true, were the outposts of imperialistic tendencies. Thus Austria supported, morally and financially, a Polish Legion in Galicia which was to help "liberate" the Polish parts of czarist Russia; and so also Italy in the South Tyrol financed the Italian movement in the Trentino. But apart from such cases there was still a tacit regard for certain accepted principles of international relations, and though it by no means excluded wars it did prevent infringing on the authority of states in their domestic affairs. There was also, on another plane, a fear of supporting any movement that questioned authority and tradition; statesmen feared the power of social movements, and considered them tools too dangerous to use.

II

The emergence of totalitarianism has brought about a great change in the principles of foreign policy and its relation to domestic affairs. The totalitarian state rests on coercion and not on free public opinion. The political ideas of the people are molded by the government, and the formation of any opposition is prevented by propaganda and force. Thus the government has a free hand in pursuing whatever foreign policy it believes will strengthen its regime, and since that regime is founded on the principle of aggression, one of its

important techniques is the manipulation and interpretation of other nations' internal situations in such a way that the desired ends may be achieved. The totalitarian state must deride freedom, must try to expose democratic states as weaklings threatened by inner strife, unable to settle their problems. It has also created the image of a "world danger"—in Soviet Russia capitalism, in fascist or semi-fascist states bolshevism—and has impressed on its people the necessity of fighting this danger under whatever guise it appear. What precisely constitutes the danger, and what states are threatened by it, can be determined only by the totalitarian state itself. Promotion of this fear (Japan was one of the first to take this course) is a political necessity, and it has played an important part in shaping the international relations of totalitarian states.

It may be said that a similar course was followed more than a hundred years ago by the Holy Alliance, which tried to prevent the spread of democratic ideas throughout Europe. But the great difference is that at that time even absolute states were very weak. The means of creating a public opinion in favor of the state's authority were poor; the machinery of the political police could not cope with the progressive ideas which permeated all European countries; eighteenth-century humanitarianism was a moral power which even the absolute states could not disregard; in addition, the emergence of capitalism in continental Europe worked for greater freedom of economic action, for free trade and for free and extended education. No state could maintain its power and at the same time exclude modern industry. Thus the old bureaucracy, faced with the task of preserving the absolute state, became itself the carrier of new liberal ideas.

In contrast with this situation the modern totalitarian state has unprecedented control over means of persuasion as well as of coercion, and also over the entire economic life of the

nation. In a situation in which the state must assume responsibility for prosperity and especially for employment, and in which the resources at the disposal of the state as well as its power to organize and to utilize them are far beyond all historically known limits, it is possible for foreign policy to take a course which would have been inconceivable a century—even a generation—ago. Totalitarian states aim by necessity at a greater, self-sufficient empire, but since all countries are carefully armed for defense, conquests can be made more easily by breaking up the power of the enemies from within. Thus interference in the domestic affairs of other nations has become one of the principal methods by which totalitarianism supports itself.

Enemies can be fought from within, however, only if they contain groups, minorities or parties that conform with the ideology of the totalitarian state, or can be made to conform with it. In democratic states the freedom of public opinion offers a convenient approach. There are many ways in which this right can be misused for subversive ends.

Bolshevist Russia was the first in the field. The Communist International, the organization of communist parties or movements all over the world, constituted in the beginning a real political power. Its political aim was not conquest, however, but the formation of political centers which could prevent the aggression of capitalist states against Soviet Russia. Capitalist intervention during the Russian Revolution had threatened the new regime with failure from the start. These national communistic organizations were undoubtedly an important protection for Russian bolshevism as long as it was weak, but as its military power increased they became decreasingly necessary, and political friendship between Russia and some "bourgeois" states reduced them to insignificance. But these movements or parties are frequently regarded

as an attempt to interfere with the domestic affairs of the state in which they exist.

The other totalitarian powers have developed similar positions of influence in sovereign states, but in order to support their own aggression. Thus Japan, in supporting the so-called autonomy movement and the various "antibolshevist" organizations in China, helped prepare the ground for the wars which developed out of the Manchurian and the Peiping "incidents." Italy, in spite of Mussolini's declarations that fascism is not an article of export, has built up a whole network of Italian institutions abroad, educational, political, social, and has tried to tie closer to Italy, not only culturally but also politically, the Italians residing in foreign countries. Germany has made Germans abroad a pivotal point of her foreign policy, and has created an elaborate ideology on the basis of which she deals with problems that were formerly considered to be the domestic affairs of sovereign states.

According to traditional international policy aliens are supposed to be politically passive; they may take an interest in politics, but they must not participate in the political life of the country of their residence. If they are actively engaged in the politics of their home country they are expected to refrain from any action or expression of ideas that is detrimental to the country in which they live or that infringes upon its sovereignty. And actually, at least until recent years, the organizations of aliens, as far as they existed, have usually not been political organizations, or at any rate have been of no political importance.

Minorities, up to the World War, were not essentially a problem of international law, though they were a subject of international policy. The Treaty of Versailles and the Covenant of the League of Nations created a legal status for minorities, because the principle of nationality, accepted as the basis for the "natural boundaries" of states, proved to be entirely

impracticable. The legal protection of minorities, frequently embodied in the legislation of the states in which they lived, referred mainly to cultural autonomy, but did not create special political rights. And as a matter of course it did not imply any kind of protectorate by the state in which the minority formed the majority.

Such compromises between the interests of sovereign states cannot be acceptable to dynamic powers that wish to seize upon nationals abroad for their own political aims. Germany has advanced the most elaborate concept of a political nation that by its own sovereign decision can widen the limits within which foreign policy moves. The principle of national self-determination has been converted into an instrument of expansion. The totalitarian state has no fear of promoting possibly explosive movements in other nations, for what it rules it rules with an iron hand.

According to this new concept Germany, the state, is the guardian of the German nation, which is a unity by descent, language and race. (The idea of race, of course, is very vague; in practice only Jews are excluded, and no consequence is drawn from other existing racial differences.) It is, as it were, a superstate community, to which allegiance is owed by German states, wherever they exist, by Germans residing abroad and in fact by all Germans, even though they be citizens of foreign countries.

Thus Germany regarded it as high treason if Austria, during the time when she existed as an independent state, pursued any course in opposition to the professed policy of Germany: "Whoever takes a stand against the man who saved Germany from chaos and from complete decline, commits the gravest treason against his people. That is our view and that view is not subject to international debate because it represents a German domestic matter. . . . It is a consequence of this view, shared by the whole German Reich and people, that

the National Socialist movement and therewith the Reich possess the right to school citizens abroad in National Socialist ideology.”² Although this view refers to German citizens abroad it does not seem to be restricted to them, as events during the last year have amply indicated.

As to Germans who are citizens of other states, according to principle they are expected to be loyal citizens of their state, but how this principle is interpreted depends entirely on the situation, on Germany's relation to the foreign state and on its power. “There is a law which unites beyond borders and distances, and that is the law of blood-brotherhood.”³ Again, Wilhelm Frick, German Secretary of the Interior, declared in an official speech at Lemgo: “The world must know that Germany does not intend to tolerate the mistreatment of her racial comrades outside the Reich borders; Germany must demand that her brothers outside her borders be safeguarded in racial and cultural respects; that is not exclusively a domestic matter for the ruling nations but an international question, deeply touching Germany.”⁴ The ideas of the old Pan-Germanic Union (*Alldeutscher Verband*), which was before the war a private organization frequently in opposition to the German government, have become the official view.

It follows from the nature of the totalitarian state that any connection which its nationals abroad may have with the mother country entails an extension of its sovereignty into the realm of other sovereign states. Since the totalitarian state is the only political organ of its citizens and adherents abroad,

² State Secretary Ernst Wilhelm Bohle, Foreign Office chief of the National Socialist Party (New York *Times*, January 24, 1938).

³ From an article by Josef Hühnerfaut, quoted by Otto D. Tolischus, “Hitler Enlists the Germans Everywhere,” in New York *Times Magazine* (November 21, 1937). This article is well documented and contains a list of official literature dealing with the problem of Germans abroad.

⁴ New York *Times* (January 18, 1938).

such national outposts are not, as in the case of other countries, free and merely cultural organizations; nor can they be considered as private affairs. They are tools of foreign policy, designed to be used in case of war and also in times of peace, and in peace their pressure is likely to be of even greater importance.

The activities of such organizations differ widely; they aim at creating in a foreign state a center of sympathy for fascist ideology, or at the establishment of a regime that will be ready to submit to fascist leadership from abroad, or at open revolts against the legitimate government. In Austria and Czechoslovakia the fostering of open revolt proved a very effective method for the National Socialists' purposes.

One of the most important ways of influencing the political situation in other countries and preparing an onslaught from within is the use of the radio. Short-wave stations transmit political propaganda to such an extent that it has become customary to speak of the radio war. The broadcasts are ostensibly for the information of foreign countries, and as far as they are openly political they may be regarded as for the broadcasting nation's own citizens abroad; but in fact they serve the purpose of propaganda in general. In this field the totalitarian states have the great advantage of controlling everything that is transmitted over the air. Furthermore they have means of counteracting foreign propaganda and of isolating their own subjects from any foreign influence. International agreements have not changed the situation to any considerable extent.

The propaganda of totalitarian states, which has proved its dynamiting efficiency in Austria and Czechoslovakia and has brought great parts of southeastern Europe into the orbit of the Rome-Berlin axis, has now two strategic centers: the Mohammedan world and Latin America.

In the Mohammedan world, particularly in the Near East

and to a lesser extent in North Africa, it is purely political propaganda directed against the prestige and position of the British Empire and France. This propaganda is disguised as anti-Semitic agitation but it aims at weakening strategic positions of these powers so that ultimately no resistance to colonial ambitions would be possible. Its instruments are the radio, subsidies to Arab agitation and even arms and ammunition supplied to the seditious forces.

In South America commercial relations have been developed as a means of political propaganda, but there are many other means as well. Emissaries for South America are trained in Berlin. German steamship lines offer bargain prices with which shipping companies of other nations cannot compete. The airplane connection with Germany is very convenient and quick (it is easier to reach Berlin than New York). Exchange students and professors are used for political purposes. The main weapon, however, is the radio. The German and Italian stations for Latin America broadcast for many hours every day, not only in German and Italian but also in Spanish and Portuguese. They do not merely transmit news from Germany and Italy but report politically "colored" news from all over the world, with direct or veiled attacks against the democratic governments and especially against the "imperialism" of the United States. The Germans are far ahead of the Italians; they sell radio sets which can be tuned in only on the German wave length, and as the price is very low these sets are distributed widely throughout Latin America.

Unless democratic governments realize that the totalitarian states are carrying on an undeclared war which must be fought with the same weapons, they will find themselves in a hopeless position, whatever their armaments may be. Russia was the first country to use these tactics, though her technique was much less efficient and thorough. But Russian propaganda, weak and clumsy as it was, was fought against with

the full power of the states concerned, and had to retreat. The propaganda of fascist states, camouflaged as anti-Semitism and anticommunism, has deceived most nations. At least so far no vigorous resistance has been offered.

III

Equally important is the question, or may be in the near future, whether in the long run totalitarian and democratic states can coexist. As we have seen, it is generally assumed that foreign policy is independent of the political order and the domestic situation in the states concerned. This is true to a great extent, as is evident in many examples from the past and, more recently, in the French-Russian alliance. But it is not certain whether it will hold true forever. We have already considered various ways in which totalitarianism, as a matter of principle, impinges deliberately on the domestic affairs of other countries. This entire volume surveys the manifold ways in which the very existence of totalitarianism determines the course that other nations must take, but since this is a crucial aspect of the interrelationship between foreign and domestic policy it may be well to review here briefly the salient features of the situation.

The totalitarian nations exist in a state of war, even if there is no actual fighting, or if war is not declared. It is not simply that they pursue an active and dynamic policy for which they are resolved to go to war at any moment. Since their regimes could not stand long-lasting or difficult tests they must prepare for a sudden, "lightning" thrust which can achieve their goal before the enemy can offer resistance. This tactic of surprise, without preceding negotiations or declaration of war, necessitates a very great standing army, completely modern and vast equipment and the organization of the whole population for the event of war: allocation of the task of every

plant and every individual for the moment war comes; a thorough training of the reserve, so that it can be used for full duty instantaneously; training of the population for protection during air raids; in short, preparation so complete that the entire military, semi-military and civilian machinery will be ready to function at any time.

In former wars there were usually a few days left for preparation before the ultimatum expired or the ambassadors were recalled. Though there have been earlier instances in which war was not formally declared they were rare. The contemporary change in strategy, looking toward a quick decision, means that men and equipment must be ready and complete at all times. Therefore the war expenditures of a state which is momentarily prepared to strike are extremely high.

But the powers that have to resist the thrust of such a totalitarian state must follow the same course. Since they may expect a powerful attack at any time they have to arm accordingly. The great efforts made by the European powers when the Balkan wars caused them anxiety were negligible compared with armament expenditures that seem "normal" nowadays. Thus the policy of totalitarian states necessitates a latent mobilization in all other nations, that is, full modern equipment, great standing armies and full preparedness of the population, with all the financial and psychological consequences. The extent of armaments in a totalitarian state is the measure to which every state must be prepared.

The totalitarian states, without exception, finance their armament primarily by reducing their populations' standard of living. By keeping money incomes, especially of the workers, on a low level, they need not resort to inflation. In the democratic nations too it will inevitably be found that the expenditures entailed by modern armament can be met only to a small extent by levies on capital. The main source of funds is direct and indirect taxation of income and reduction of wages

—possibly by a longer working day, with the aggregate wage bill remaining unchanged. In Great Britain, with a current armament bill running from 7 to 10 per cent of the national income, with 10 per cent of the national income going to the very rich, 35 per cent to the rich and middle classes, 55 per cent to the main mass of the population,⁵ and with regular taxes amounting to about 20 to 23 per cent of the national income, the danger mark will soon be reached, in spite of considerable idle resources of capital and labor. A further considerable increase of public expenditures probably cannot be met without reduction of the standard of living. The workers would resist a reduction of standards—whether it came through curtailment of wages or through increasing the number of working hours—and the ensuing conflicts between employers and trade unions would threaten the domestic situation.

Armament expenditures today are considered to be abnormal, as are also the budgets. But it is unlikely that the situation will change as long as the fascist states exist. Their dynamic foreign policy, based on autarchy and armament, on antibolshevism, redistribution of raw materials and natural resources, on aggression and conquest, is necessitated by their very nature. Any reduction of expenditures and labor, any reduction in efficiency, means for them a loss of political weight. The only peace that is possible for them is peace "on the point of seven million bayonets." Disarmament would mean renouncing their political aims, their outlook on the world, their program, would mean an acceptance of the status quo.

There is not, in armament, a certain maximum expenditure that will guarantee an optimum equipment. Armament expenditures were always and are now more than ever un-

⁵ Colin Clark, *National Income and Outlay* (London 1937), p. 115.

limited; their extent is determined only by the natural resources of the country (including labor) on the one hand, and by the foreign policy on the other hand. Before the World War armament races were subject to certain restrictive influences, either poor organization, weakness and lack of administrative ability (as in Russia), or tradition and the domestic political system. The totalitarian states, however, are prepared to dedicate the whole of their natural and labor resources to this one purpose, and in spite of the fact that modern technology makes for the most rapid obsolescence. Such a course means that other states are unavoidably drawn in the same direction. In fact, if this situation continues, the democratic states will have to face not only a reduction in their standard of living, but also a remodeling of their evaluations and ideas, a reduction of leisure time, an abandonment of all those potentialities of a richer life that modern technique seemed to make accessible to the masses.

There is no need to elaborate this point: on the one side are the fascist states, which cannot renounce their ideas, their policy, their institutions, their transformation of the whole country into an armed camp; on the other side are the democratic and semi-democratic states, in which the simple citizen still has a say and the people are not ready to relinquish their personal liberty and their freedom of decision, not ready to see themselves melted into a crowd, marching toward destruction. These states do not wish to train their youth for war, to increase the burden of taxation, to concentrate all efforts on the ways of destruction, to reduce leisure time and spend it in exercises, war games and "black-outs," to indulge in silly opiates that are to compensate for a tiresome and senseless life. But the pressure of the totalitarian powers makes it daily more difficult for men and women in other nations to pursue their accustomed ways of living.

Nevertheless there are still statesmen who believe that the

way in which a nation organizes itself is of no concern to other nations. Borderlines, it is true, still exist between the states, but in its domestic affairs the world has become one unit. The private life of the nation, the individual's education, standard of living, expenditures, the length of his working day, the things he reads, the problems he has to think about and the ways of his thinking—these are inescapably dependent on the political ideology of other nations. The independence of nations no longer exists.

III

SOVEREIGNTY

By ARNOLD BRECHT

WHAT is the foremost, or the ultimate, cause of wars between sovereign countries? Is it merely bad will, wantonness, envy and stupidity? Is it population pressure and economic necessity? Is it escape from domestic failures or from financial collapse? Shortcomings in the peace treaty that happens to be the last one? Inherent pugnacity, competitive militarism and armament? Capitalism, communism, fascism? Instability of democratic policy? The progress of technology and invention? The missteps of poor diplomacy? Certainly none of these factors can claim first rank above all others as a cause of war. Each of them needs careful study. For each of them, separately, there might be found some remedy or antidote. But there is a cause of wars between sovereign states that stands above all others—the fact that there *are* sovereign states, and a very great many of them.

It is not only for logical reasons that this fact should be emphasized. Of all the conditions contributing to war, those that appear to be the most insuperable are necessary implications of the principle of state sovereignty—the principle that supreme legal power is strictly separated along state lines. And yet this principle is neither ordained by God nor found

in nature: it is man-made. It was not always recognized in the past, it may not always be recognized in the future. Only in modern times have three notions been co-ordinated which are different in their historic and philosophical origins: the notion of the political-economic unit (state), of supreme legal power (sovereignty), and of homogeneity (nation). These notions do not cover identical fields and therefore their co-ordination has proved pernicious.

I

If the world is to be divided into political units there must be some yardstick (at least in theory) by which to determine the optimum size of these units. And indeed, despite the great varieties in the realm of facts, there have always been ideas on what the optimum size would be. To Aristotle it was the city, to Rousseau it was the Swiss canton, to contemporary thought it is the nation (whatever that may mean), with some allowance for the ideas of "natural boundaries," historical derivations and domination over backward peoples. The transition from city-state to nation-state was made in a roundabout way through the idea of a universal realm of supreme power. Before proceeding to contemporary problems it would be well to recall the reasons why this intermediate step was profoundly logical, why it could last so long and what it was that finally brought it to an end.

After Macedon subjected Athens (338 B.C.), after Rome subjected Macedon (146 B.C.), and Greece finally became a Roman province (27 B.C.), it was no longer possible for any city or neighborhood to continue as an independent unit. It was very natural then for people to espouse the idea that supreme power should pass from the city, not to a neighboring city or tribe, but to civilized mankind. There was less humiliation in being a city in a universal empire than in

being merely a member in the realm of another tribe. This natural trend of feeling, which brought the interests of defeated cities and other units in line with the selfish interests of the rising Roman empire, was strongly supported by another idea prominent in classical and medieval thought: the idea of a universal natural law, above all the governmental actions of separate entities. If there was such a universal law it was logical to have a universal power to administer it and protect peace according to it. These arguments were finally strengthened by the rise of Christianity. If all Christendom was one brotherhood before God, equal before God, equal in ultimate purposes, ruled by one divine law, no implication was more natural than that also in temporal affairs all Christendom should rally to one universal standard.

So strong were these arguments that the idea of the universality of supreme power held sway in philosophical and political thinking from the time of Augustus, the anniversary of whose two thousandth birthday has recently been celebrated, to the seventeenth century, with the possible exception of some three or four hundred years in the Dark Ages. It was so deeply rooted that it was seized upon again and again, and was carried on and on, regardless of the poor realization it had found, regardless of the shortcomings which make students of our age laugh at the Holy Roman Empire and wonder that it was maintained at all instead of making them consider why the idea was so cherished by popular feeling, even under its strange disguises.

No idea of nationality or racial homogeneity opposed the rising Holy Roman Empire when, a thousand years ago, the German King Otto I had himself crowned emperor. Nationalities and races had too evidently blended in many parts of Europe, especially in Italy, and had done so rather recently. The Romans and the north Italian peoples had always belonged to different stocks. The migrations of the Goths and

Lombards had added to the entanglement of racial crossings. Magyars and Arabs had devastated Italy. Hugo, king of Italy, had been neither a Roman nor a Lombard but a prince of Burgundy, and his successor, Berengar, a prince of the northwestern Alpine region. When finally he was displaced by Otto there could hardly be any objection on the grounds of race or nationality. Nor was there, for a long time, any other counter-idea that could vie in force with the idea of the universality of supreme power. Not before the end of the Middle Ages did such counter-ideas arise.

By that time events had gone far in overcoming the factual significance of the empire. Its long dispute with the rivaling church, the practical non-recognition of the empire by outside forces, and gradual corrosion from the inside by former vassals who forged their way to independence, had fatally weakened it. For a long time, however, these historical shortcomings were merely factual; the ideal as such was not questioned or shaken. Similarly rooted in the realm of facts rather than ideas was the influence which economic changes and the rising mercantilist practices exercised on the trend for separation. Only very late did *ideas* arise that ran counter to the ideal of universality.

The religious reformation, of course, played a great role in this development because it destroyed the universality of the Roman Catholic creed (that is, of the divine law) and at the same time aligned the Protestant princes against the Catholic emperor. As an idea, however, the religious reformation was not antagonistic to universality. Certainly the reformation, unable to replace the old by a new universality, made for secession and separation. Yet this was again a matter of fact rather than a counter-idea. The doctrine which later emerged that prince and people should have the same religion might be called an antiuniversalist idea, excluding as it did the

recognition of one universal lord. This transient doctrine has long since been superseded, however, by the principle of religious toleration, and therefore it would not stand in the way of universality today.

Another counter-move which was more accurately in the realm of ideas and was much more tenacious, prevailing up to the present day, was the legal and political doctrine of sovereignty. In the fight of the separate territories against the universalist claims of both empire and church the jurists, in developing this doctrine, passed the princes their most successful weapon. Sovereignty, so they announced, is the supreme legal power over citizens and subjects, *unrestrained by law*. This power is creator of law but is not itself bound by law. The sovereign state cannot legally be bound by any force.

This way of thinking was profoundly repugnant to the idea of universal law and all medieval thought. It was advanced with slight hesitations and contradictions by Jean Bodin (who had a few precursors but was the first to use the term sovereignty in the new sense) and carried to its most relentless consistency by Thomas Hobbes—within the short period from the end of the sixteenth to the middle of the seventeenth century. The term sovereignty became unpopular for a while in England, because Hobbes had used his one hundred per cent version of the doctrine as a buttress for his radical thesis of monarchical absolutism—so unpopular that the term does not occur a single time in Locke's *Two Treatises of Government*—but the substance of the doctrine prevailed. When Rousseau combined the rigid concept of sovereignty with the idea of absolute power not of the king but of the people (as Roger Williams in America had done unnoticed a hundred years earlier) the resultant doctrine of "sovereignty of the people" freed the legal concept from popular disrepute and made it capable of carrying an ambiguous freight. Once

more the jurists took hold of the notion and used it to reject any universal, supernational law beyond the positive law given by the sovereign. In John Austin, in the middle of the nineteenth century, they found the master of inexorable formulation, and his school with but little modification dominates to this day the foreign offices of all countries, democratic, fascist and communist.

Meanwhile many a scholarly warrior, it is true, has fought a valiant theoretical battle against the orthodox doctrine of sovereignty—Léon Duguit, Hans Kelsen, Hugo Krabbe, Harold Laski and many others. But none of them has ever occupied the foreign office of his country, none ever influenced the official language and actions of any country on that point. To this day the actual practice of the foreign offices, at least as far as their own countries are concerned, follows the classical theory of sovereignty, as presented by the juristic theory of the state and the analytical school of jurisprudence, as a rule the only definite "concession" being that treaty obligations, at least those that are voluntary, and *approved* international usages are held mandatory upon states despite their sovereignty.

The great effect exercised by the rise of the theory of sovereignty, which indeed marks the juncture between the Middle Ages and modern times in politics, has as a rule been described with a view to the center of power—princes or parliaments—or to the relation between domestic and foreign centers of power. It may even better be described with a view to the periphery of power, the territorial boundaries. In the Roman and medieval empires boundaries between territories had a relatively restricted, a "soft" meaning. In the Roman period they marked off mere provinces or administrative districts, and in medieval times they marked imperial fiefs, crown lands, free cities and their subdivisions. Boundaries within the empires had no final meaning to the freeman. Transcending

any such boundary were the imperial, the divine and the natural laws, the imperial administration of justice allowing appeal from territorial justice to the emperor's courts, at least in the most important cases. The emperor could intervene as an arbiter or avenger, as the sword of the church or as the ultimate guardian of peace.

With the change in theory the meaning of boundaries also changed. The greater vassals had already succeeded in limiting the emperor's intervention and had thereby tightened the meaning of boundaries, but not until the doctrine of sovereignty was invented was this movement led into its ultimate channels. Every prince wanted then to be a sovereign. In this mood the Westphalian peace of 1648 applied the new ideas to the territories of the former imperial vassals in Germany. Thereafter the concept of sovereignty began to make boundaries mean what they mean today. Within a country's boundaries no law counts other than that issued by the sovereign, be it prince, parliament or people—no higher law, no imperial law, no divine law, no natural law. There is no appeal to any higher court, no arbiter, avenger or ultimate guardian of peace and justice.

Thus it was that the boundary line grew stronger and gradually became the formidable wall both in fact and in idea that it is today.

II

After the victory of the doctrine of sovereignty, just as after the construction of the tower of Babel when God scattered mankind, people found themselves more separate from others than they had formerly been. In both the Roman and the Holy Roman empires everyone had been accustomed to be affiliated with everyone, with peoples of all races and languages, in the same ultimate entity, that is, in the universal

empire, the universal Christian brotherhood. This was no longer the case. People now felt themselves surrounded by narrower and higher walls.

There they lived in one of three situations. Some groups were constituted of one race, homogeneous from of old, with no memory of ever having blended with other races. So it was with Sweden, Denmark and a great many of the smaller German territories, of which there were more than a thousand in the eighteenth century. Others, though obviously not of homogeneous origin but sprung from multifarious intermixtures, had nevertheless attained a great degree of homogeneity because wholesale admixtures had ceased some six hundred years earlier and, since that time, inbreeding had generated a new and characteristic race, even though broadly diversified. This was the case with England, where wholesale immigration had ceased with William the Conqueror, and with France, where the many contributions from Latin, Phoenician, Arabian, Germanic and Celtic races had been absorbed over an even longer period. After so many centuries of intermarriage the typical Englishman, the typical Frenchman, began to emerge. Indeed, six hundred years were sufficient to make every Englishman related to almost every Englishman, every Frenchman to almost every Frenchman.¹ Even in the various states of Italy the melting pot had produced an average type by the end of the eighteenth century.

But a third group of the new sovereign countries was in

¹ In order to understand this fully one must realize that, reckoning thirty years for each generation, a present-day Englishman would have had a billion ancestors at the time of the Conqueror, and even a quintillion at the Roman period, had they not continually intermarried with their own relatives, mostly without knowing that they were relatives. How much they must have done so is obvious from a comparison of the small number of people that lived in England in those periods, or came in later, with the astronomic figures that would have been necessary to produce a single present-day Englishman without intermarriage of relatives.

quite a different situation, having two or more distinct populations living together without blending. So it was with Austria, Turkey, parts of Prussia, Saxony, the Kingdom of the Netherlands and others. The new and rigid meaning of boundaries brought the existence of such mixtures more and more to popular attention. Hence the idea of nationality, which had already played some part in many previous movements, crystallized into a conscious idea and became a ready yardstick for the optimum size of sovereign states. This new trend of thinking was but strengthened when conquerors continued to add distinct races to their territories, as did Russia, Prussia and Austria with the three partitions of Poland, and England with the consolidation of Ireland, and in particular Napoleon with the annexation of great parts of Germany, the Netherlands and other territories.

Thus the idea of nationality was being added to the idea of sovereignty, where it had not preceded it, as a forceful concomitant in the ideological fight against universality. This idea, as has often been observed, has two logical implications, one liberalistic or separative, the other imperialistic or expansive: state boundaries ought not to include many subjects of another nationality, nor should they sever citizens from people of the same stock. Both sides of the idea reached high triumphs in the nineteenth and twentieth centuries. The new yardstick of nationality superseded all others. Factors such as size of area, number of inhabitants and economic basis were almost completely disregarded. This becomes the more obvious the farther one climbs down the ladder from the larger to the smaller countries.

Numerically at the top in the present line-up of states are China, with more than four hundred million inhabitants, the Soviet Union, with more than one hundred and fifty, and the United States, with more than one hundred and thirty million. They are followed at some distance by Germany and

Japan with some seventy million inhabitants each (Japan without Korea), and by the four countries in the forty millions: Great Britain (without colonies), France, Italy and Brazil. Poland is the only country in the thirty millions (disregarding Manchukuo), Spain the only one in the twenties. They constitute the transition to the ten states having between ten and twenty million each, three of them in Europe (Rumania, Yugoslavia, Czechoslovakia), three in the Americas (Mexico, Argentina, Canada), three in Asia (Turkey, Iran and Siam) and Egypt in Africa. All the remaining sovereign states have less than ten million inhabitants apiece. Thus almost three fourths of the thirty-odd European states have fewer than the eight million inhabitants that live in the city of Greater New York; nevertheless they are enclosed by the boundaries of sovereign states. All but three of the Central and South American countries have less than that figure, as does also the whole continent of Australia. Almost half of all European and American countries fail to reach even half that amount.

The idea of nationality came to a climax at the conclusion of the World War, when at least nine new nation-states were created in the jammed space of Europe: one of more than thirty million (Poland), one between ten and twenty (Czechoslovakia), two between five and ten (Hungary and Austria) and five much smaller ones (Finland, Lithuania, Latvia, Estonia, Danzig, in addition to Memelland). This meant the creation of seven thousand miles of new boundaries in the heart of Europe, boundaries in the rigid sense imputed to them by the doctrine of sovereignty.

Even if we overlook the imperfections and perversions in the way that the yardstick of nationality has been applied (which it has recently been tried to correct to a certain degree), it is obvious that homogeneity of population does not always, or even generally, square with political and economic

requirements. This discrepancy is given an explosive character by the element of sovereignty.

III

The meaning imparted to boundaries by the principle of sovereignty is of such a kind that human wit can hardly find a solution that does not lead to war. In the domestic field this principle implies the legal freedom of every sovereign country in the regulation of its own domestic affairs. This, at first, sounds reassuring and liberal. Thank God, mine is a sovereign country. There is no outside power entitled to give us orders. We are free to settle our own affairs according to our own ideas.

But even if this were the whole story it would be far from satisfactory. Free of any limitations, of any minimum standards whatever, domestic sovereignty not only relieves each country, in theory, from the legitimate interference of another power but also deprives its people of any legitimate appeal to a higher power. Inside the sovereign country, might makes right. Courts and public servants have to apply the laws given by those who exercise sovereignty. After a change of regime they may, during a very short stage of transition, question the legitimacy of usurpers, but with the modern device of "sliding" revolution, that is, a transformation observing the forms of legitimacy, even this right is all but illusory. Once sovereign power has been firmly established the courts are not entitled to apply any higher law against its legal commands. The individual judges are not to be blamed for such submission to the positive legal order of the land. It is what is required of them by their professional ethics according to the doctrines of sovereignty and legal positivism, to which the official and legal authorities pay homage in all countries. Judges may retire and starve—but if they stay they have to

apply the positive law as it is handed down to them by the ruling sovereign power. It is true that three hundred years ago, in early Stuart England, Sir Edward Coke placed common law above the positive law. But his famous *Dr. Bonham's* case has long since been overruled in theory (Blackstone) and practice even in England: whenever the positive law is clear and distinct it is the only law that counts.

Boundaries are appeal-proof. Except in the case of treaty obligations there is no appeal to any higher judge. No other country is entitled to interfere except on invitation by the government (whatever that may mean). The slightest violation of an international obligation may be made a just cause for international interference (the non-delivery of a few cubic feet of wood and coal was made a cause for the occupation of the German *Ruhrgebiet* by France in 1923); but in the fact that there are appalling occurrences within the sovereign country or that it violates basic standards of justice and civilization there is no sufficient cause for official steps by other countries or even for an attempt to require a clear investigation of the facts.

Another implication is that each country is free to push its armament and other military preparation to what degree it likes, except in excess of treaty obligations. All this leads to a policy of mutual *laissez faire* which is likely to result, and actually does result, in a complete lack of confidence and in a frenzied race of armaments.

Even these first implications of the doctrine of sovereignty show it to be hardly compatible in the long run with international peace. Unfortunate as they are, certain arguments have nevertheless been advanced in their favor. Suppressed people, it is said, may make a revolution of their own. Intervention in the domestic affairs of another country involves by nature a kind of aggression, and even when undertaken for the sake of civilization has so often been abused for selfish

purposes and reactionary measures that non-intervention has come to be looked upon as the superior principle for the maintenance of peace. Doubt can be cast on the final wisdom of this view; it seems to be a result of previous guilt and bad conscience rather than of intrinsic logic. To be sure, it is not advisable and is rather odious to prescribe to other countries their system of government, their organization and, unilaterally, their armament. But it is possible to imagine a system of minimum standards and of international information and publicity which would make for more justice, more confidence and more peace, for fewer rumors and more truth. This, however, would be contrary to the doctrine of sovereignty unless agreed to voluntarily.

But these domestic implications of sovereignty reveal only one side of the story. Another side, very different in character, is of still greater, and more conclusive, significance in reference to peace and war. The doctrine that in every sovereign country there is no law other than that approved by the sovereign power and that courts and public servants have to apply such law in full and nothing else—this principle reaches far beyond the country's own citizens. It makes insecure any alien within its boundaries and it makes the country's natural resources its monopolistic asset and privilege, which it may exploit at pleasure for its own benefit to the exclusion of any other country unless voluntary treaties limit this arbitrary power.

With respect to aliens, a sovereign country can restrict their immigration at pleasure, using whatever arbitrary principle it pleases, even to complete exclusion. If they are admitted, their establishment in trade or business or professions may be restricted, as may be also their acquisition of land titles or of shares in corporate property. Inter-marriage with aliens, or with certain aliens, may be prohibited. The sovereign country may even expel any alien at any time for political reasons.

Among the natural resources which a country may reserve for its own use there is a greater variety than is generally seen. Gold and silver, iron, copper and tin, coal and oil, wheat, meat and fruit, fat and fodder, rubber and water power—these are part, but not all. There may be virgin soil. There may be a particularly healthful and pleasant climate, outstanding landscape and beauty. There may be especially high manpower. If there are not treaty limitations the sovereign country may raise barriers around such natural resources at any time, as high as it likes, the barriers ranging from mere taxation of foreign exploiters to their non-admittance, from export duties to a full embargo on export to all or certain countries. A sovereign country's consumptive power is also an important asset, and the country may strike at pleasure at any other country's trade by measures that range from slight financial tariffs through highly protective tariffs to import quotas and complete import prohibitions. The sovereign country may make its bills legal tender in its own territory and restrict exchange with other currencies to any extent for any reason. All this can be done under the doctrine of sovereignty. Most of it has been done, here or there or everywhere.

Certainly many countries will not resort to some of these measures, even over a long period, either because of an established public opinion—as prewar England refrained from protective tariffs for two generations because she believed that for her free trade was the best policy—or because of mutual treaties or fear of retaliation. As a result it seemed for a while that it might be possible to break down the frontiers, making the civilized world a great community with at least a minimum standard of rights, a minimum certainty of intercourse. But this did not happen, or at least it did not last. For one thing, no country has ever abandoned all its natural resources to others without discrimination, accepted foreign currency as legal tender, or admitted all foreign commodities duty free,

and rarely has any country allowed all aliens to enter into free competition with its own residents. But this may be passed over. The real calamity is that there is no guarantee that public opinion will remain what it was, and no guarantee that treaties will be concluded, and renewed after they expire, that notice will not be served at the next date allowed for withdrawal. As long as there is sovereignty so long will there be this right to reject the conclusion of treaties and their renewal, not to speak of the retaliation that may be meanwhile resorted to for alleged violations of treaties.

Therefore no favorable public opinion and no temporary contractual arrangement between sovereign states, not even between neighboring ones, can give security to a country that is not self-supporting, for its needs in a future war. This is the cross through the *t* and the dot over the *i* of the word *frontier*. No country can be sure that it will get what it needs from other sovereign countries under continuous and stable conditions, or that it will get it at all when its need is greatest. Therefore no necessitous country can cease to be afraid that in a period of war it will starve for lack of food or be vanquished for lack of raw material, even if for the time being trade treaties look very satisfactory.

From this there follows a conclusion which is as unpleasant as it is incontrovertible: it is *desirable* for any major sovereign power to cover so much territory as to make it self-sufficient within its own boundaries, or within the boundaries of dependencies with which mutual communication is safe in peace and war. That is to say, it is desirable for any major sovereign country to expand until it reaches a high degree of self-sufficiency in peace and war. Today such expansion is (except for the scientific development of substitutes for various products) the only way for a country to make itself, in regard to its own necessities for life, independent of the will, the pleasure, the whim and the currency of other countries.

This implication is crystal clear. In the social sciences conclusions as definite as this are seldom possible. There is no argument against it. Science has the duty to push aside all misty and flowery concealments of this basic truth and has to denounce all soft and talkative peace organizations that do not take account of it at the outset.

There are limitations, to be sure. Acquisition of resources with which the country is already saturated may be of little advantage. Abandonment of more defensible boundaries for less defensible ones may offset the advantage of expansion. Annexing additional people that would not keep domestic peace or would be disloyal in war may weaken rather than strengthen power. The cost of expansion, or of developing a substitute, may make the grapes hang too high. Such limitations are sure to have their influence on practical politics. But they do not controvert the truth that, for any major country that is not self-sufficient, the expansion of boundaries or the acquisition of dependencies is highly desirable for times of peace, and may be vital for times of war. And war is a realistic potentiality for every country, no alliance or isolation, no cleverness or good behavior being a guarantee against it.

For this logical thrust toward expansion, deterrents are the only palliative we have invented these four hundred years since the victory of the doctrine of sovereignty. There is only the mutual play of threat against threat, of fear against fear, of yielding for fear against abstaining for fear. Peace is today, at best, a balance of fears.

IV

The combination of the doctrines of state, nation and sovereignty has led us into an impasse. We have to retrace our steps and follow other signs if we are to advance beyond this

fatal point. Only a change in our way of thinking in terms of these three doctrines, or at least of their present procrustean combination, can lead us to any reliable progress in solving the problem of peace and war.

Easily as this is stated in critical analysis, it is actually very difficult to disentangle the three fields in a satisfactory way. For, at the time being, there *is* this established sovereignty of the multitude of states, and according to its first principle it cannot be changed without their individual consent, unless it be by force. Whatever international attempts have been made to overcome the evils without the application of force have so far evaded the issue. They have bowed to the principle of domestic sovereignty and, in addition, to the principle of the status quo. In other words, they have tended to maintain the motley map of the world, if with a few minor corrections, and to retain the principle of sovereignty as the best concomitant of the national state. They have vaguely trusted that love of justice and goodwill would assert themselves, not recognizing that *love of justice and goodwill cannot do the job alone without a constructive correction of the three principles that underlie the problem.*

It is a popular idea that all warfare could be immediately prevented if an energetic League of Nations would apply sanctions of an economic and if need be a military kind against any aggressor. This dream has been dreamt. There is little chance that it will come true. The explosive force of sovereignties can scarcely be met in this way. In many indirect ways, as we know now, aggression can be avoided and yet war be carried on. The members of the League are not always at one. Not all nations are members; none can be forced to be a member or can be prevented from withdrawing. Also, this plan does not cope with any of the real causes of tension. For countries that are not self-sufficient it does not remove any of those complaints that follow from the impossibility of

reaching security on a contractual basis. Nor does it envisage a justifiable interference in the troubled domestic affairs of any country, not even for the purpose of reorganization in a civil war like that in Spain. It merely adds a more or less effective threat to other more or less effective threats. It may as well precipitate war as prevent it.

Thus it is clear that the ultimate remedy, to be reliable, must include a new understanding of the meaning of boundaries. Boundaries around nationalities would be maintained but they would be given a softer, less rigid meaning. Larger entities would be set up for the satisfactory regulation of economic needs and for the guarantee of minimum standards in the administration of justice.

How can we ever proceed to such a New Age when individual consent is required for any change? Can any man in his senses declare himself for such a program, such a utopia? Certainly he would not be in his senses if he expected immediate realization. But thinking for the future is not to be scorned. Every realization of ideas contradictory to established ruts of thought needs long and thoughtful preparation. New principles and awareness of the need for them must be firmly established in man's exchange of thought until they gradually assume reality, fortified with the invincible power of logic that has been understood.

Today, while the scholar may decry sovereignty, the practical politician shrinks from even mentioning this term in a condemnatory sense. People still cling to the magic of the old conception. The politician rightly feels that he must act under a positive rather than a negative program. Nevertheless, his positive program must imply an infringement of sovereignty if it is to be more than a palliative.

This is not the place to formulate the lines of a practical program. In such an undertaking a great many changing factors have to be taken into account. Any practical program

would include several steps. Possibly one of them would be an attempt at sensible progress toward self-sufficiency for combinations of nations that separately lack it—combinations such as those that have been attained to such a large degree in the British Empire, the United States and the Soviet Union. For such combinations to be effected it would be necessary, in the territories concerned, to modify the meaning of boundaries by the formation of unions or federations, or of combinations on the pattern of the British Commonwealth, or by allowing a major power to make neighboring or overseas countries into practical dependencies, or by new constructive devices. In such territories the rigid equation of sovereignty, nationality and state would be abandoned or mitigated. Practical policy is likely to lead on this road anyway, with or without the help of theory.

Another step might be to induce the major countries or combinations of the world to lower their walls voluntarily, at least after a better balance of self-sufficiency has been reached—for before that has been achieved they are not likely to give in.

In connection with such plans it might be feasible to set up minimum standards and to use available sanctions against governments that do not comply with such standards or that refuse to give information and evidence if an international investigation is undertaken.

Evolution from the present status of hyper-archic nationalism and an-archic internationalism, of high-tension law within and lawlessness without, to comprehensive combinations and to some minimum level of universal law and its guarantee, cannot be expected to materialize from analytical discussion alone. But without careful analysis of the situation that confronts us we cannot hope for any definite progress. We are not justified in completely dismissing the hope that the present cramped convulsions of multiple territorial sov-

ereignities will not be final. They may be regarded as the product of insufficient and treacherous solutions, and it may be that to a later generation they will appear as the travails of a new and better order, with less rigid boundaries, and more peace.

IV

PROBLEMS OF POPULATION

By HANS STAUDINGER

I

TODAY the nations of the world are fearfully aware of the consequences of war, and the constancy of war danger absorbs their energies in the vital concerns of the moment. In such a time it is especially difficult, but all the more necessary, to probe behind immediate disturbances to the main causes that lie at the root of internal and external political conflicts. Why do we have wars? Many answers have been given. Wars, it is said, are brought about primarily by the saber-rattling policy of emperors (Wilhelm II), by the vaulting ambitions of rulers (the old and new Napoleons), by intrigue-spinning diplomats, by irresistible economic laws, by destructive drives in human nature—by movements of masses.

Tolstoi was among those ¹ who consider world history—and its wars—as essentially a history of mass movements. Said Tolstoi, in *War and Peace*: "In 1789 there was a ferment in Paris: it grew and spread, and found expression in the movement of peoples from west to east. . . . In the year 1812 it

¹ The outstanding scholarly work representing this group is Alexander and Eugen Kulischer, *Kriegs- und Wanderzüge* (Berlin and Leipzig 1932); see especially pp. 3 ff., 10 ff.

reaches its furthest limit, Moscow, and then, with a remarkable symmetry, the counter-movement follows from east to west; drawing with it, like the first movement, the peoples of Central Europe." Tolstoi was no believer in hero worship. "The life of nations," he declared, "is not contained in the life of a few men." To his mind wars are "determined" movements of peoples, of the millions. He would see neither Hitler nor Mussolini as the driving factor of today's expansionist ideas; they only give expression and promise of fulfillment to the needs and desires of the unquiet German and Italian peoples.

Modern population scientists throughout the world have tried to find statistical material in past and present times which will show the long-run curves of population growth and decline and furnish the basis for estimations of the population movement in the future. They study the regions with high density of population—the dark spots of the world—and find in them a certain basis for a study of the interrelationships between population growth and economic and social conditions. It is on the basis of such serious studies, and also of very ingeniously prepared statistics, that the imperialists and their most modern variety, the fascists, try to justify their expansionistic ideals of conquest and colonial policy. In the modern political arena the fashionable slogans of "underpopulation" and "overpopulation" have become motivations and justifications for colonial expansion; the avowed aim is to create new space for the migration of the overcrowded home population.

Thus the new Roman empire idea is motivated, in part, by the settlement necessities of the Italian nation. It is not ridiculous and contradictory, but only logical from the standpoint of such a policy, that Mussolini demands colonies because of population pressure and at the same time asks the Italian women for more sons to defend the colonies and build up the

Roman empire.² The Japanese, too, contend that they cannot give occupation to the growing masses of their population. T. Soda has estimated that Japan's population will rise from 70 million in 1939 to 80 million in 1950 and 90 million in 1960.³ And it is certainly true that "the gravity of the situation . . . is further augmented by the impending increase of the proportion of the Japanese population within the working age groups; in actual figures these groups are gaining about half a million annually."⁴ If the extravagant Japanese and Roman empire ideas should be realized future scientists would have to conclude that population pressure and migration movements—with war as their essential means—have again shaped history.

On the other hand, today a dissenting interpretation is becoming louder, opposing those who use population arguments in defense of war. It is held that "overpopulation" in Japan is only the pretext for the conquest of Manchukuo and the present war against China, and in support of this it is pointed out that the Japanese have not settled their new territories but have exploited them.⁵ It is certainly true that Manchukuo has even less arable land under the plow today than before. And Korea, changed more and more into a feudal-like landlord system, has been only financially exploited by the Japanese.⁶

² See the article by Mussolini in *Popolo d'Italia* (February 26, 1935) in which he attempts to show his Italians the success of the German campaign for population growth.

³ Cited by Ryoichi Ishii, *Population Pressure and Economic Life in Japan* (London 1937), p. 133.

⁴ Ishii, p. 139.

⁵ Cf. Emil Lederer and Emy Lederer-Seidler, *Japan in Transition* (New Haven 1938), p. 235: "The Japanese peasant, despite his poverty, is very attached to his way of living. In general he prefers a bare existence in his sunny homeland to profitable activity in the raw north country of Hokkaido. . . . Immigration to Korea is still more unfavorable."

⁶ Cf. Hoon K. Lee, *Land Utilization and Rural Economy in Korea* (Chicago 1936), pp. 39 ff., 161, 167, 179, 273.

The impoverished Koreans have even migrated as workers to Japan, thus reducing the favorable migration balance to an unimportant item. Arthur Feiler, in his contribution to this book,⁷ declares: "So far it has not been proved in modern times that . . . conquest can solve the problems of population pressure, food, raw materials and markets. Not even in the case of Japan has the economic interpretation of conquest afforded the conclusive explanation."

It is a point of century-old discussion whether war, with its accompanying epidemics, plagues and general devastation of life, can restore a balance between population and means of subsistence. According to the Malthusian interpretation, war, along with epidemics, disease and famine, belongs among the "positive checks" on population; these are the means which nature and man's folly have developed for restraining population, which tends "to increase beyond the nourishment prepared for it." Many socialists and pacifists have attacked this Malthusian interpretation, and even more the followers of Malthus who see in his doctrine a contention that war has an inevitable function in history. The opposition declares that in its immediate results war brings a proportionally greater deterioration and reduction of production than of the number of people, and therefore creates an even greater population pressure. The total deaths caused directly and indirectly by the World War in the various countries of the world is estimated at 41,435,000, of which 24,856,000 were in Europe, 1,674,000 in America, 13,769,000 in Asia, 1,000,000 in Africa and 136,000 in Oceania.⁸ But in spite of this staggering reduction in the number of people there was in the end overpopulation in many countries, as a result of the disintegration of the world exchange system, the reduction of production and

⁷ Chapter VII, "The Economic Meaning of Conquest."

⁸ L. Hersch, "Demographic Effects of Modern Warfare," in *What Would Be the Character of a New War?* (London 1933), p. 291.

the disorder of distribution within and among the nations. It was Walter Rathenau who declared after the World War that there were fifteen million people too many to live in Germany.

In short, in the discussion on this problem one side contends that population pressure is a fundamental cause of migration and war, and the other side declares that it can be no more than an incidental motive. And in reference to war, one group, the Malthusians, contends that war affords a "positive check" on population pressure, whereas another group holds that it actually increases the pressure of population.

The argument that modern wars will not bring real relief from population pressure, but are more likely to increase it, does not exclude the fact that population pressure may nevertheless be one of the causes of war. We cannot conclude from the results of war very much about its causes. The essential question is whether population pressure causes internal political tensions, leading to religious and at the present time to nationalistic movements, and ultimately to external adventures. In this case there may develop the dolorous sequence of population pressure—war—population pressure—war.

In earlier times this sequence is clearly evident in the great migration avalanches of peoples, pushing and pulling one another forward, destroying the economic conditions of other peoples, compressing them to the point of utmost resistance and thus creating new population pressure. And then there are the counter-waves, answering east to west with west to east. It is no longer contested that the migratory conquests of the Normans at the end of the eighth century were caused by rapid population growth. And even in great movements which are usually attributed to non-economic causes—such movements as the religious warfare of the Mohammedans—the presence of population pressure, at least as a contributing factor, can usually be discovered. A long time before Mo-

hammed was born the Arabian tribes were feeling the pressure of population caused not only by demographic development but also by deterioration of available pastures, and the result was a widespread unrest and a slow infiltration into the neighboring territories of Persia and the Roman Empire.

Spanish history gives an example of how even a country with possibilities for colonial expansion may undergo the same sequence of population pressure and war, creating again population pressure and war, up to the complete exhaustion of the nation. In the sixteenth and seventeenth centuries the war taxes and the continued spread of the feudal system emptied cities and country of merchants and farmers. The result was impoverished masses of beggars who became soldiers in the new armies of mercenaries and made possible the continual wars by which the Spanish rulers tried to hold their far-flung empire. These wars, with their accompanying epidemics, reduced the Spanish population in one century from eight to six million people. But even then the masses of beggars in the cloisters and the harbors were proof that overpopulation remained.

One is inclined to draw a parallel to Germany where, after the World War, armies were formed out of the unemployed—followed here as well as there by expulsion of Jews. In general, however, the interrelationship between population pressure and conflict in modern capitalistic society is, as we shall see later, far more complex than in earlier societies.

II

Population pressure exists whenever there are "too many" in a given space with regard to the available means of subsistence and the traditional and cultural standards of living. Such a disproportion may have several causes, which usually work together, each aggravating the other.

To consider first the quantitative causes, this disproportion may be brought about by an increase in population itself, a purely demographic change; such a situation we may call numerical overpopulation. Or it may be brought about by a reduction in the means of subsistence (bad harvests and the like), so that even if there is not an actual increase in the number of people there are nevertheless "too many"; this situation we may call relative overpopulation.

The more complex qualitative causes of disproportion are in modern times more important. These causes too may be of a demographic character, as when certain age groups—young persons or older persons—show a greater increase than does the total population, or when certain social groups—workers or farmers—continue to increase even if the total population is decreasing. Here again there is overpopulation, but this situation we may call partial overpopulation—numerical, because it refers to the quantity of people. Partial overpopulation may also be relative, brought about by factors of a non-demographic character, such as political and economic transformations, force and conquest. In this situation certain groups suffer a reduction in the necessary means of subsistence even if their numbers do not increase. Conquerors or feudal lords may deprive peasants of their land; even our so-called "peaceful" market exchange system, through technical progress, for example, can create partial relative overpopulation, and strangely enough this kind of disproportion is often called "surplus population." In times of depression, when the desirable standard of living cannot be upheld, there seem to be "too many" and the trade unions ask that the doors be closed to new apprentices.

Thus population pressure may be felt by the total population or only in some groups of it, in the entire country or only in certain districts, distressed areas. But if we speak of popu-

lation pressure in certain groups or districts it has to be a deep-rooted and significant condition, of an extent or intensity that removes it from the category of temporary distress.

Certainly hunger and sacrifices in the standard of living, whether of great masses or of certain groups, lead to tensions. Internal disaffections or conflicts with other more favored groups, especially with the ruling groups, are the result, leading often to active struggles. As Franz Oppenheimer has said, "Men tend to push from the place of heavy social and economic pressure to the place of lower pressure on the line of the smallest resistance."⁹ The means of defending the standard of living may be migration or the battlefield, or, in democratic countries, it may be demonstrations before the parliament; sometimes the outlet is to follow demagogues who make fine promises. Whether the unrest takes the form of one or another kind of internal or external conflict, or whether it is smothered by debilitation and starvation, is dependent upon manifold resistant factors—geographical, historical (social and political), and not least religious and cultural. It is the total specific historical situation which decides the way out of tensions caused by population pressure.

If war is the outcome its avowed motive may or may not be the desire for new territory to relieve the pressure at home, but in any case that pressure is responsible for a vitally important weapon in its armory. As Malthus has said, in reference to war: "One of its first causes and most powerful impulses was undoubtedly an insufficiency of room and food; and greatly as the circumstances of mankind have changed since it first began, the same cause still continues to operate and to produce, though in a smaller degree, the same effects. The ambition of princes would want instruments of destruction if the distresses of the lower classes of people did not

⁹ "Weltprobleme der Bevölkerung," *Weltwirtschaftliche Vorträge und Abhandlungen* (Leipzig 1929), no. 1, p. 37.

drive them under their standards. A recruiting serjeant always prays for a bad harvest and a want of employment, or, in other words, a redundant population.”¹⁰

Historians have told us much about the ambition of power-drunk emperors, of laurel-chasing generals. And they have delved under the glittering surface and searched out the economic and social tensions which provided the rulers and generals with motives and instruments. Thus the significance of relative overpopulation as a factor in conflict has become familiar. But historians have minimized, and during the last century they have often entirely neglected, the other part of the problem—the significance of numerical overpopulation, in other words, of population development in itself, as an independent demographic phenomenon impelling or aggravating the sequence of cause and result. The special aim of the following considerations is to give some aspects of the influence of demographic changes as a factor in internal and external conflicts.

III

It is not difficult to see the interconnection of population pressure, migration and war in the relatively static economic systems. It is primarily in agricultural societies that we can properly speak of numerical overpopulation. Here, under traditional conditions, political and social as well as economic and technical, and with given natural resources and diminishing returns of free land, the population movement is one of the main internal dynamic factors. In reference to such societies Malthus is right in stating that population always tends to grow faster than the means of subsistence. The population pressure that is thereby created may be aggravated by a second

¹⁰ *An Essay on Population* (London 1914), vol. 2, p. 165.

main dynamic factor in these societies—the natural and climatic influences which cause bad harvests, epidemics among the herds, floods, and the like. Here the “positive checks” on population pressure—starvation, epidemics and war—are grimly operative and effective. In these static systems we find “preventive checks” too, as for example the practice of infanticide in Japan through the eighteenth to the middle of the nineteenth century.

China, with its bureaucratic tribute and tax system and its rent-collecting landlord economy, was up to 1937 typical of such a relatively static system in which numerical overpopulation exercised a continuous pressure. For centuries the positive checks have been actively at work, reducing the population through disease, epidemics, famine, banditry and internal and external wars. For centuries China has shown an inherent tendency to expand.

“China’s history up to modern times is a sequence of defeats and conquests. Her empire was not a peaceful idyll under the rule of the sages, as eighteenth-century writers, looking at China from afar, were inclined to assume. . . . While the imperial throne was occupied repeatedly by invading barbarians, China’s boundaries steadily expanded.”¹¹ The expansion to eastern Siberia was a kind of commercial penetration, proceeding peacefully but forcibly, the Chinese creditors expelling the native landowners, taking over their land and often their wives (a very old and effective form of assimilation). There is every reason to believe that the conquest of the southern provinces, about which little is known, proceeded in the same way. Migration to Manchuria resulted also in a feudal-like system in which the Chinese landlords imported landless peasants from North China as tenants.

The arrival of European powers brought Chinese colonial

¹¹ K. Bloch in *Social Research*, vol. 4 (November 1937), p. 492.

expansion to a standstill. A certain relief from population pressure has been possible by migration to the British Far Eastern possessions, to Siam and Formosa. Also the "preventive checks" have been operative to a considerable extent: infanticide, the origin of which can be traced back to older times. But the pressure of China's millions is a grave problem today, not only for China herself, but also for the whole realm of international relations. The exact figure of the total Chinese population is not known, but it may be estimated at around 450 million. From local statistics we know that in most Chinese districts there is a male surplus, and therefore we can assume that there is infanticide of female infants. The customary high marriage expenses have created a surplus of single men without families, and thereby augmented the unquiet masses available for settling, migration, industrialization and not least for bandit groups and armies.¹² In considering the last civil war movement in China the existence of this fluctuating mass of more than eight million single men should not be overlooked.

Out of these considerations of the dynamic effect of overpopulation in a static economic system there arises a question for the future: could China remain peaceful even after a victorious war with Japan? I think this would be possible only if there were revolutionary changes in the total social structure and above all in the agricultural system, and if there were a rapid industrialization. Even then, however, China would have a hard struggle with the population problem. Certainly a progressive civilization would bring a higher and more rational standard of living and increased emancipation and occupation for women, thus effecting a decline in the fertility rate; this development can already be seen in Chinese cities.

¹² Cf. Kurt Bloch, "Chinese Population Problems," lecture held under the auspices of the Social Science Division of the University of Chicago, February 1938.

Birth control can be more widespread and more effective than infanticide. But the mortality rate would decrease even more than the birth rate, with the result that the total population would continue to increase—as can be seen in the demographic trend of Europe during the past century and a half. On the other hand, if the Japanese are victorious, then the Japanese will have to struggle with the overpopulation problem in China in addition to their own population troubles—especially if they continue their present colonization policy of exploitation. China would be for them a Hydra with uncountable heads.

In the modern world the relatively static economic systems where dense populations are already living at the lowest minimum of existence, the so-called dark spots, are increasingly becoming centers of political unrest and nationalistic turmoil—India, South Asia, Egypt. India is undoubtedly overpopulated. As is shown by the report of the Royal Commission on Agriculture, 72 per cent of the holdings are not capable of providing even the customary meager living for a family of average size. The interests of the ruling groups and classes, in combination with the temporizing character of British colonial policy, have led to a failure to break the indolence and fanatic traditionalism of the people, and have prevented the establishment of real social and agricultural reforms. Emigration could not bring much relief, and was soon stopped entirely because of political reasons. Without English rule there would have been destructive struggles between Hindus and Mohammedans, but the presence of a dominating colonial power has prevented large-scale internal strife as well as external wars, so that there has been no decimation of the population by these “positive checks.” Thus epidemics and starvation have remained the only effective checks on population—but so effective that “the mean expectation of life

at birth for male infants was only 26.7 years in 1931."¹⁸ It is obvious that when there is overpopulation, and no social or migrational relief, death comes in one guise or another—in natural calamities if not in man-made calamities.

Nevertheless, even in India the population tends to increase with any slight improvement in economic conditions. There is a slow rise in the districts where there are new agricultural settlements, and a larger increase in the economically more favored districts and the industrial areas. And especially in the latter regions there is deep unrest, taking the form of nationalistic movements and revolutionary tensions against the colonial power—additional worries for the British Empire.

Still more frictions arise where there are remainders of static agricultural systems within neo-capitalistic countries. The connection with growing capitalistic civilization brings to these precapitalistic enclosures too the benefits of better health conditions and sanitary improvement, and therefore decreases the mortality rate; there is even an improvement in education and thus a new notion of a higher standard of living. But even if the birth rate shows a tendency to decline, social and religious traditionalism, especially in rural districts, exerts a counteracting influence, so that the total population increases.

I think it may safely be said that it was the rise of modern industrial civilization which was primarily responsible for the dynamic growth of population during the nineteenth century, causing the greatest migration in world history. It is estimated that from the middle of the last century up to the thirties of

¹⁸ A. M. Carr-Saunders, *World Population* (Oxford 1936), pp. 271-72. In Germany, which may be cited for comparison, the mean expectation of life at birth for males was 35.58 years between 1871 and 1880 and 55.97 years between 1924 and 1926; it is now around 60 years; cf. Friedrich Burgdörfer, *Aufbau und Bewegung der Bevölkerung* (Leipzig 1935), p. 127.

our time sixty-five million people moved overseas and settled in less crowded territory, partly by barter and partly by rifles. The flood of emigration stopped first in those countries where the birth rate showed a steady decline and where at the same time the development of industry and commerce drew the masses to the cities and to the industrial centers—as in England and in the western, northern and central parts of continental Europe.

Thus for the white race conquest and colonial settlement brought a certain relief from population pressure. When, through industrial development, the other races reached this stage of rapid population growth, the earth was already distributed and controlled and further large-scale emigration was impossible. This is the reason for the undeniably serious population problem of Japan. Emil Lederer, in his study on "Japan in World Economics,"¹⁴ points out that with the coming of industrialization Germany doubled her population in about 75 years and the United Kingdom in 70 years, but Japan required only 50 years (p. 3). In contrast to the development in Europe, this doubling of the total population was accompanied in Japan by a practically proportional rise of the agricultural population. Returns per hectare have about doubled since 1870, but "most observers are convinced that agriculture in Japan proper has been extended to the submarginal land. . . . Agriculture no longer offers any opportunity for the increasing population; the whole increase, and even more than that, must earn its living elsewhere" (p. 6). And in the world today, "elsewhere" is increasingly hard to find by means that are even relatively peaceful.

The unfortunate long-run time factor in population waves is very evident in Japan. When the tide of population once rises it cannot be stopped if epidemics and similar catastrophes

¹⁴ *Social Research*, vol. 4 (February 1937), pp. 1-32.

do not check it. Even if there is a decline in the fertility rate of women in the childbearing age, so that the birth rate shows a decrease, the absolute number of people will nevertheless rise for many years to come. The Japanese government used every possible means to stimulate the growth of population in the second half of the last century, when industrialization made additional population desirable and when it was still possible to absorb it. But the population rise, which cannot be stopped suddenly, has now encountered a period in which agricultural expansion under the given social system is no longer possible, and the absorbing power of industry, great as it is, cannot keep pace; and at the same time any large-scale emigration is prevented by the peculiar home-loving character of the Japanese and even more by the barriers raised in countries already pre-empted by the "white man."

The problems of eastern and southern Europe are of quite similar character, even if other aspects disguise the importance of the demographic factor. I should hesitate to agree with Wilhelm Hecke¹⁵ that even the World War could ultimately be traced back to population pressure as the consequence of uneven population growth, but there is no doubt that this factor is of great importance in the problems facing those troubled areas. In prewar Austria, for example, there was overpopulation in the eastern precapitalistic sectors, with the industrial sectors unable to absorb these masses; the real decay of Austria began long before its political decay.

It may seem that in these countries the effects of what I have called relative overpopulation have been more significant than those of numerical overpopulation. Franz Oppenheimer, one of the most original and interesting contributors to population theory, declared even before the World War that population pressure in such a country as Russia is caused mainly

¹⁵ "Ungleiche Volksvermehrung als Kriegsursache," in *Österreichische Rundschau*, vol. 44 (July-September 1915), p. 114.

by bad government and the vested interests of the ruling classes behind the government. It is certainly true that the feudalistic land system, which after the French Revolution remained in eastern, southern and even western European countries, augmented the pressure of populations. As Goltz has said, "In all countries emigration expands in the same proportion as the expansion of the land baron system, and in reverse proportion to the extension of the small farm system." A landed aristocracy is the strongest check on any policy which aims at resettling the masses within the country.

But important as these non-demographic factors are in the development of population pressure, the fact remains that a static society, after contact with modern civilization, experiences a great natural increase in population. The population grows faster than the necessary changes in the economic and political structure can be achieved in order to maintain and to guarantee a desirable standard of living. And with the increased difficulties of migration and emigration internal frictions develop and multiply. It is a story that can be read in the Russian and Spanish revolutions, in the internal tensions that harass Poland and Rumania.

IV

In modern capitalistic nations the way in which overpopulation, especially in its demographic aspects, plays a role in wars and international conflicts is not readily apparent. The problem seems to turn around. Is population growth or decline the cause or the result of social-economic conditions? Overpopulation seems to be a symptom, a visible expression, rather than a cause of social-economic maladjustment.

Friedrich List and, even more emphatically, Karl Marx declared that every economic system has its own population law. Technological improvement and rational organization in agri-

culture and industry displace farmers and workers. Monopoly capitalism sets free independent entrepreneurs and craftsmen. And the maintenance of the capitalistic system, demanding necessarily a continuous application of the newest techniques, creates a permanent reserve army, the increasing masses of the unemployed. The concept of numerical overpopulation seems to be overshadowed by that of surplus population, according to which the means of subsistence are rendered inadequate by the operation of the capitalistic system.

Franz Oppenheimer has declared that it was not technical progress in agriculture but the feudal system that caused the flight from the country to the industrial centers, resulting in a continual replenishment of the industrial reserve armies. If the agricultural systems had been reformed, he declares, if all the progress of science and technology had been applied to the maximum, many so-called overpopulated agricultural districts could have been designated as underpopulated. In other words, the problem of overpopulation can be solved entirely by science and technology. We have only to find the adequate adjustment of the social-economic system. Oppenheimer estimates that if we leave aside any consideration of the rights of possession that have been created by a bloody history, ten billion people could live in agricultural areas, with higher standards than today, and a further ten billion could live in industry, administration and the arts on the basis of the agricultural surplus production—instead of the total 1.8 billion inhabitants of the earth today, millions of whom live under miserable conditions with internal dissension or war. Oppenheimer's optimism goes even so far as to envisage many billions more if we applied greenhouse gardening throughout the world.

Robert R. Kuczynski, in his lecture on "The World's Future Population,"¹⁶ is not so optimistic. On the basis of new

¹⁶ Published in *Population*, Lectures on the Harris Foundation (Chicago 1930), pp. 283-302.

studies he computes that eleven billion people—six times more than today—might comfortably live on this earth. This estimation is made on the assumption that “all human effort be directed to the maintenance of a maximum number of people” and thus “the freest possible migration.” The United States—and likewise South America, Australia, New Zealand, all countries which are today comparatively underpopulated—“would have to open her gates to all nations of the world; she would have to accept her due share of the 10 or 11 billions, say 800,000,000. She would have to forget everything about the national-origins clause; she would have to welcome a hundred million or more foreign immigrants without the slightest discrimination on account of color, race, standard of living, etc.” (p. 286).

These are considerations of how population might develop if people lived on this earth under the best possible conditions. But the attainment of such conditions is a problem of world scale; it concerns not merely the social-economic systems within the nations but the international order of all the nations. The problem that concerns us in the here and now is how world population is likely to develop in the next hundred years. According to the estimate of A. E. Ross, world population is increasing annually by 1.44 per cent, a rate which will double the number of people in half a century. The International Statistical Institute estimates that between 1920 and 1926 world population increased by 11,400,000, or $\frac{5}{8}$ of 1 per cent, which rate, if it should continue, would mean a doubling of the number of people in 110 years. There is little doubt that such a doubling of population would mean a completely new distribution of the world's inhabitants. “The inhabitants of the overcrowded countries in a near future will have to claim the right of occupation of the less densely settled territories; and if people of these territories resist and try to main-

tain their immigration restrictions policy, war becomes unavoidable.”¹⁷

But even if we are faced with the prospect of a doubled population, the question of present interest is not so much the absolute figure but which peoples, in which parts of the world, would contribute most to this increase. At the present time the populations of western and northern Europe, North America and Australia are no longer maintaining their previous levels. This means that the fertility rate (the ratio between the number of births and the number of potential mothers) is decreasing, and that therefore families are smaller in size. The resultant imminent decline of population is disguised by the fact that the total population is still increasing because—as a consequence of the former higher fertility—the number of women in the childbearing age today is much larger than ever before. The group of older persons is smaller in relation to the total population than it was previously, since the mortality of children was formerly much higher and emigration was more frequent; but even this group is in absolute numbers larger than it was, because of the better health conditions now prevailing. In short, even though the total population in these countries is still increasing, the highest point will be reached in the coming decades and it is then likely to decline. Another factor in its decline is the spread of birth control which, though practiced now too, has not yet reached all strata of the population. It is possible, however, that if greater security in living conditions and a better social-economic equilibrium can be achieved, the fertility rate will rise again. And we can expect a further, though no longer such a conspicuous, improvement in the mortality rate of children and also in the mortality rate from puerperal fever. Thus, taking all factors together, the most that can be expected during the next century in regard

¹⁷ Kuczynski, p. 288.

to the total population within these dominant nations of the white race is a stable level. Without a complete revolution of our way of living this trend is unavoidable and unchangeable.

In contrast to these nations is the development in countries with a relatively static economy and in those occupying a transitional stage toward modern technique and civilization. Here, as was said before, even if the fertility rate decreases somewhat, it will still remain relatively high, and in addition the decrease of mortality in all age groups will help to build up a tremendous population wave. It is not so important whether this wave will double the world's population in 60 years or in much more than 110 years; the important fact is that it will produce continuous population pressure. Today "the white race controls about eight-ninths of the entire earth's surface, notwithstanding that its total population amounts to only one-third of the whole."¹⁸ These proportions will almost certainly be changed in the coming decades.

This raises not merely the problem of whether France and England can maintain their colonial power in the world, but also the problem of what will happen in Europe itself with an unequal development of population within the continent and on its borders, in Russia. The Anglo-Saxon, the German, the Scandinavian, the French and—much later—even the Italian population will decline, or at best become stable. The proportion of Slavs, however, will unquestionably increase. Whether this population wave in eastern Europe and in Asia can be absorbed by technical and social developments in these territories themselves, or whether population pressure will necessitate migration—and this means wars—we cannot know. But whether the supreme powers of the now dominant nations bring about restrictions or even starvation of these peoples, or whether an international economic and political order smooths

¹⁸ Shiroshi Nasu, "Population and the Food Supply," in *Population*, Lectures on the Harris Foundation (Chicago 1930), p. 166.

the consequences of this population development—in any case a policy of economic and political isolation will undoubtedly become impossible, perhaps even in the near future.

v

Under the pressing economic and social worries of today, the political tensions in Europe, the wars in Spain and China, we are likely to shrink from the problems of "early tomorrow." We believe that fortunately in our capitalistic countries the demographic factors no longer play such an important role. The capitalistic system is frightened mainly by the constantly increasing masses of unemployed, masses that are increased still more by the application of labor-saving devices. We concentrate on studies about the changing characteristics of the business cycle and the social-political implications of its multitude of unemployed. In all these considerations we are tempted to forget completely the influences exerted by population developments in themselves. But these aggravating influences often explain the special characteristics of the political problems of our time.

We know that populations constantly alter their characteristics as a result of the changes that take place in the age composition, the so-called "age pyramids." The relatively static agricultural countries show a very steep age pyramid, greatly dentilated by epidemics, famines, wars and the like, and by the sudden reduction of births that they entail. The age pyramid of a developed capitalistic country is more comparable to an Egyptian pyramid; only wars bring a break, as a result of the losses of men and the decreased marriages and births. England and Germany were of this type around the beginning of this century. France, with her stationary population and its tendency toward stabilization, has an age pyramid somewhat in the shape of a bombing shell. Today

the German and English age compositions look much like a Greek urn, and the United States will soon give the same picture of an aging population.

In the development toward such a type there are decades in which the group of younger persons is comparatively large in relation to the total population, even if the decline in the birth rate has already begun. Such a time strengthens the consciousness of the youth groups, already somewhat developed by education and urbanization. A broad youth movement is the result. Modern economic recession, especially through the influence of social policy, shifts the burden of unemployment mainly on the shoulders of the young and unmarried generations. And this situation becomes aggravated each year when increasing numbers come of working age and not only can find no jobs but cannot even prepare for them.

These disappointed and hopeless youth groups build up the ranks of the extreme political movements, going now to the left, now to the right. In my opinion the unrest in Germany during the twenties and the Hitler movement in Germany and Austria have one deep root in this youth situation. It is the coincidence of the socially conditioned "surplus population" and the natural demographic development of the youth groups—and also the modern war spirit—which has given the revolutionary tinge to the movement. In Germany it has been further stimulated by such factors as the hunger blockade after the World War, the Versailles treaties, the reparation payments—especially the first, which were demanded in kind—and the inflation period. The changed international exchange structure in the world after the war and the resulting prevention or restriction of emigration were also not salutary factors for a growing generation asking for work and space. In Italy and eastern Europe this is an element in the postwar political situation which should not be neglected so entirely.

The United States is today comparatively underpopulated.

On the basis of natural resources, science and technical development the masses could have a higher standard of living. Nevertheless here too there is population pressure in industrial districts and in many parts of the country, as in the South. This is mainly the result of our present economic system which no longer functions automatically. It is understandable that trade unionists and worker representatives have demanded a restriction of further immigration, but this has undoubtedly caused increased population pressure and contributed to political tensions in other parts of the world—in eastern Europe, Italy, Poland, Japan.

In such a situation some writers—sociologists and economists, the *enfants terribles*—have ventured to consider the coming social and economic effects of an aging and stationary and even declining population. Undoubtedly the change-over will be far-reaching. The demand for the goods of daily life will decrease, and capital demand may be affected even more. It is a rising population that promotes business optimism, creates a demand for goods and tends even to overestimate the future demand. In such a population, however, the subsequent oversupply is more quickly corrected. Declining population takes the wind out of any dynamic and speculative expansion and makes for more risk in the conducting of private enterprises. Therefore in the transitional period capitalistic countries such as England and the United States may have even greater unemployment than in periods of rising population, if they do not develop measures for stimulating new private demand and increasing collective demand.

In the United States one such measure would be to open the gates to emigrants from the eastern European countries. In my opinion this would be a wise and farseeing policy, even though in times of depression it would mean greater internal political tensions and higher expenses for unemployment.

These expenses would be the best investment for the future economic development of the country.

VI

So far we have considered how the interrelationship between population density and social-economic organization may be a factor in conflict. We have still to consider how the interrelationship between population and military organization, technique and strategy may serve in this way. Some decades ago the fact that population was not rising, and that there was even a decline in the fertility rate, was taken very seriously by nationalists and militarists. Thus in the nineteenth century the emigration waves were deplored by nationalistic population statisticians because they weakened the strength, power and prestige of the nation. The French were not worried by the social and economic consequences of their stable population development because they had a relative balance between agriculture and industry. Their nightmare was the increasing population of their neighbors, the Prussians and Austrians with their ever growing battalions.

The sparsely populated Europe of medieval times could provide only a few trained knights for the battlefield. But in the same period Venice, through her colonial resources, was able to arm thousands of slaves for her galleys in the Mediterranean. Modern nations with a high population density produce mass armies of millions of men. In any political unit the manpower, the number of men of military age, is the first factor of military strength. To secure the necessary efficiency of the army some nations have compelled their youth to serve not only one year but two, and for special weapons even three years, as France has done since 1935 and Germany since 1936.

In modern times economic mobilization and the total "war potential" have become more and more important, so that not

only the potential soldiers but the total population, including the women of working age, have become of military significance. And not only quantity but also quality is important; the Spartan ideal of health, discipline and plain living has become almost a philosophy of life. Before the World War in Germany 50 to 60 per cent of the total male population was considered fit for military service; today 80 to 85 per cent are accepted, an increase due partly to the better physical condition of the youth. Furthermore, the efficiency of a modern army depends no longer so greatly on the war spirit and the number of peasant sons but more and more on the skill of the workers, the foremen, the engineers, the chemists. Modern warfare is highly rationalized and technicalized in every sense—a factor that will guarantee for a time the supremacy of the industrialized nations. Even the World War was not won only by the number of battalions but by food and raw material supplies, by equipment and technical standards. Experts estimate that today 100,000 well-equipped soldiers are equal to 600,000 to 1,000,000 soldiers of the World War.

But there is a limit. Higher technical efficiency demands an increasing proportion of skilled workers at home. Therefore modern warfare is dependent on the planned organization of the home population as well as of the army, and it presupposes a mobilization of the total population even in peacetime. Small nations, even when they make great sacrifices of their standard of living in order to equip themselves with armaments, exist more than ever through the "borrowed power" of the big nations. In spite of the extreme development of war technique modern warfare remains a warfare of the combined resources (raw material and manpower) of the nations.

Therefore even from a purely military point of view the implications of population growth and decline are important, not only for France, who built up her colonial empire partly in order to obtain additional manpower, but also for Musso-

lini and Hitler. The center of gravity of population growth has moved eastward and only with difficulty can the central and western nations maintain their balance of power through rationalization of all economic and social life for the single purpose of war. The German expansionist ideas are motivated not only by the desire for raw material and for unification of the "German race" but also by the desire for increased manpower.

The casualties of modern wars are not restricted to the battlefields. The civilian population is ravaged too, not only by war-bred epidemics but also by bombing from airplanes and by the bombardment of long-distance guns. In recent years, even since the World War, we have seen enough to make us believe that Malthus was right in calling war a "vicious and positive check" on population. The fear of the people in London, Brussels, Paris compels these nations to rearm, to plan and mobilize their economy in peacetime. Peace becomes more and more expensive with regard to liberty as well as with regard to sacrifices in the standard of living—even in the democratic countries. Again the small nations cannot keep pace in this race of armament; they have to make alliances, and the larger nations group together the smaller nations in order to improve their strategic position. In this interdependence of small and large nations with regard to natural resources, manpower and financial expenses there is also a "cause of war"—or perhaps we should say the final occasion for its outbreak.

Tolstoi closes his *War and Peace* with these words: "It is . . . essential to surmount a consciousness of an unreal freedom and to recognize a dependence not perceived by our senses." We have to perceive the interdependences. One of the main conditioning factors in the economic and social life of any country is the growth and decline of population in long-time swings of generation. And—interdependently—social and

economic conditions influence population development. We may tame death and regulate birth to a certain degree, but in doing this we have to reorganize and readjust our social and economic system if we would prevent internal conflicts.

And we have to recognize not only these interdependences within a nation, but also the way in which population developments affect international social and economic interests. A study of the world-wide implications of population trends gives us only further proof that it is necessary to build up an international system of social and economic co-operation if we are to prevent the starvation of millions of human beings, quiet political unrest in the dark spots of the world and stop for once the sad sequence: population pressure and war—population pressure and war.

V

FOODSTUFFS AND RAW MATERIALS

By KARL BRANDT

I

THE importance of industrial raw materials and their unequal distribution has long since become a commonplace, dwelt upon by tabloid writers, soapbox speakers and everybody talking brass-rail politics. Some statesmen and many politicians use the handy coin of "have" and "have-not" nations as though it were the legal tender of economic or political thought. But as so often is the case when a certain terminology suggests simple and clear-cut situations, the facts are bewildering and utterly devoid of clarity or hints at solutions. The question of raw materials with reference to peace and war leads straight into a confusing jungle of problems in international relations and political economics.

The maze begins with the very conception of what constitutes a raw material. It is true that superficially we pretend to know what this group name covers. The large catalogue of raw materials contains commodities of vegetable and animal origin as well as minerals. It includes the sources of man's food, clothing, shelter, of the feed for his animals, of heat, light and power, and of all sorts of industrial goods. Thus

raw materials embrace, first, vegetable and animal products carrying carbohydrates, proteins, fats and vitamins; second, wood, vegetable and animal fibers, rubber, hides and skins; third, stored fuels like peat, lignite, coal, oil and natural gas; fourth, other ferrous and non-ferrous minerals. The activities they entail are equally various: collecting, fishing and hunting, mining, forestry, agriculture, horticulture and synthetic production.

The situation becomes even more complex if we search for characteristics that would determine whether a specific commodity is a raw material, or that determine whether it is an essential, an optional or merely a luxury good. We soon discover that we can do no more than simply list those commodities which, often enough for heterogeneous reasons, are considered somewhere as raw materials, adding perhaps one or several question marks in the column denoting the necessity of their use. There are no objective measurements of necessity. It is an evaluation, determined ultimately by manifold social, technological and economic standards as they are followed by a specific civilization or social group at a specific time. While 80 million Japanese will point today to the necessity for large supplies of gasoline and crude oil, the present 80 million Japanese may easily get along without them. While Eskimos will insist on fish as the essential component of their diet, the Hindus may not care to have any, and vice versa with rice. The majority of the world's population lives on a more or less vegetarian diet; if all peoples should prefer to obtain a large part of their nutritional energies from animal products, as the leading occidental nations do now, the world would be faced with an insoluble maldistribution of food. Fortunately peoples have developed their diets through the ages in conformity with their environment and their ability to secure supplies. And yet their habits and thereby their demands are changing as time passes.

The determination of what is and what is not a necessary raw material is even more functional with reference to fibers, fuels and other minerals. During the sixteenth and seventeenth centuries wood was almost the only fuel used in industry. In the beginning of the nineteenth century oil did not mean much; nor was the significance of water-power sites or lignite deposits recognized, because the hydroturbine, the steam turbine and the electric generator had not been invented. In 1850 Chilean saltpeter as fertilizer was practically worthless; in 1900 it was an invaluable treasure of international importance; by 1920 it was on its way to oblivion. In 1880 the "man-made" metal aluminum was not known for technical use, while in 1930 it ranked as one of the first-grade metals for general application in industry and the household. Its substitute, magnesium, also "invented" and man-made, was of no importance in 1920, whereas today it is a serious competitor. Such examples could be multiplied.

Human wants are continuously shaped and reshaped by civilization, its technical and social standards and its progress. Some of man's greatest achievements lie in his successful adaptation to the available raw materials, in his rendering more of them accessible and with his genius discovering new ones.

Except for wild fruits and the products of hunting and fishing, raw materials are not readily available. What really exist and are potentially available in abundance or scarcity, either near by or in the distance, are the so-called "natural resources." And again we face an ambiguous term with many meanings, tempting those who use it to many fallacies of assumption and interpretation. In public discussion and in a good deal of contemporary literature on applied economics and government, "natural resources" are spoken of as if they represented accessible stores of raw materials open to exploitation by anyone ruthless enough to grab the values offered by nature. The

wholesome and well-meant emphasis on conservation of natural resources has persuaded vast numbers of the people in this country to believe that up to a generation ago certain rugged individualists maliciously destroyed the beautiful treasure of timber, thereby stealing what had been bestowed by Providence upon this continent and future generations. A similar belief is held with reference to the oil fields today. But in point of fact the American pioneers deserve the gratitude of their heirs for performing the truly gigantic and most necessary task of clearing, with ax, saw and fire, 300,000,000 acres of land from virgin forest, thereby conquering the inimical wilderness and rendering it livable. Those who blame them would not be able to offer any other realistic advice than plain repetition if they were the responsible advisers to the Brazilian government today. If some lumber companies continue in these days cutting practices which were justified in the pioneer period this is an entirely different case; but even there the fault is that of the forest-tax authorities.

This example is given only in order to show that natural resources are at first little more than an opportunity for man to derive raw materials from them. Ordinarily the resources, because of their very origin, are not readily realizable. To make them accessible and to conquer them man must—as in all his production—apply intelligence and inventiveness, management, labor and capital. If these factors are not present, and if man has not conceived the idea of using the opportunity offered by nature for the satisfaction of his wants, the environmental condition has not yet become a natural resource. It may be nothing more than a nuisance or a pest. In the sixties of the last century the State of Pennsylvania passed laws against the pollution of creeks and rivers with gasoline, which was then a useless waste product; only kerosene counted, which is today itself a by-product.

Whether a certain situation in the environment is consid-

ered as a "natural resource" depends on a multiplicity of conditions: on whether the specific society has already developed a demand for the raw material that may be made available; on whether a sufficient standard of technology and skill has been built up to launch the attack upon the resource; on the availability of sufficient skilled labor and on the presence of sufficient capital, if only in the form of equipment and food supplies for the labor force. And yet with all these conditions fulfilled it may be found that the efforts to exploit the resource are comparatively too great. In this case it may relapse into a potential reserve or may be discarded and forgotten as such.

If the exploitation should prove profitable from the standpoint of the social group as a whole, the yield in raw materials may be exceedingly different under the application of different principles. How long the resource will continue to yield depends partly on the speed of exploitation, but even more on its intensity and efficiency. Petroleum, for instance, can be mined by drilling a well in which natural gas pressure spits the oil above the surface. When the gas is exhausted the well stops producing, and may then be abandoned. The oil of the gusher can be made available for use in the crude manner of skimming off the small percentage of gasoline, leaving the rest of the oil to be used instead of coal as a fuel. With an advanced technique the yielding capacity of the same well may be multiplied by more efficient drilling, by maintaining or recreating the gas pressure, by proceeding later on with pumping out the oil, and especially by fractional distillation, cracking and refining. Similarly the duration of the resource may be prolonged by thrift and greater efficiency in consumption. This example is typical for practically every one of the known resources. At the same time it illustrates a logical historical sequence of increasing intensity in production and utilization.

Enough has been said to indicate how relative is the whole question of raw materials and natural resources. There is no

objective measurement by which we can ascertain, for a particular country, the potential necessity of known resources or even the existence of resources we are as yet unaware of; and in regard to international relations we are equally at a loss if we try to form an absolute judgment on the distribution or maldistribution of "natural resources."

It appears utterly impossible to measure political phenomena which are described by such misconceived concepts as "population pressure" or "resource-man ratio." With these suggestive terms it is often attempted to interpret a complex situation in simplified pseudo-physical terms. The most popular form of this fallacy is the specifically American idea that this country's relatively high standard of living depends on its favorable "land-man ratio." If that were correct the Argentine ought to have the highest standard of living and the greatest wealth per capita among the nations; and, if the land-man ratio referred to minerals as well as land, Mexico would probably have the title to the most luxurious economic status, while Belgium and Switzerland would rank among the poorest countries in the world.

The assumptions that a specific piece of land as such has a certain "absorptive power" for population, and that land as such can be classified as profitable or "submarginal," are modern fancies which cause more harm than the notion that the machine impoverishes human society. Land, like all natural resources, is no more than an opportunity for man to apply his inventiveness, management, labor and capital. Each of these factors may contribute in varying degree to the yield. Consequently poor land may yield highly, while rich land may yield nothing or carry the most impoverished farm population. Ten thousand acres of land may not be worth a penny, in spite of sufficient rainfall and a high content of plant nutrients. Its "absorptive power for population" may be zero. It begins to have a social value only when it is cleared of woods or

brush, developed with roads and public utilities, drained or irrigated, tilled and planted either in part or as a whole—in short, when it is developed by men, animals and machines. It may be farmed by one man with the aid of ten laborers or sharecroppers and provide him and his crew with so small an output that all of them are condemned to poverty. Or it may be farmed by fifty or a hundred families and offer a satisfactory livelihood to several hundred people. It all depends on the use of capital and skill. Land which is thus useless and may nevertheless be given a value is to be found in every country, even in those with the supposedly highest “population pressure,” though in smaller amounts than in thinly populated areas.

In attempts to appraise natural resources we face the dilemma that every possible measuring rod involves imponderable philosophical or ethical axioms like justice or duty. Shall we measure the natural resources of a country by geologists' estimates of total deposits, or by the capacity of the existing industry, or by the actual output? Shall a nation be considered to have the moral duty to invent devices for the full utilization of its own resources, or shall it be considered to have a claim on those of its neighbors?

In 1914 Germany as a highly industrialized country produced 75 per cent of her food at home. As a consequence of the World War she lost fertile surplus-producing agrarian provinces in the East. At present she has attained a domestic food production of 87 per cent of her needs, and it is quite conceivable that within a decade or two she might be entirely self-supporting in spite of her growing population. The use of minerals as fertilizers, taken from the underground and from the air, as well as improvements on the land and better farming methods, combined with a shift of consumption toward synthetic substances, are working toward that end. Denmark has increased her exclusively domestic agricultural pro-

duction (excluding conversion of foreign raw materials) by 200 per cent within fifty years. It may well be that a certain portion of the German farm output is produced at higher costs than those on the world market, but the Danish increase of production has been achieved under a regime of free trade.

In discussing the international distribution of natural resources it is often admitted that a particular "have-not" nation has, indeed, the resource in question but that it is "submarginal." Submarginality is an appraisal of the profitability of exploiting a natural resource at a specific time on a specific soil, with consideration of all the factors affecting net profits. Hence such a term is inappropriate in discussing the international problems of natural resources. According to prevailing American ideas about farming, three fourths of all European agriculture must be operating on "submarginal" land. At the same time, hundreds of thousands of American farmers live on fertile land the life of rural proletarians. The complexity of the cost structure for the total production of a commodity within a national economic system, and the lack of any international basis of comparison for the items involved, render the whole discussion of international cost comparisons highly academic.

This preliminary reconnaissance of some of the problems underlying the question of raw materials and natural resources makes it possible to draw several conclusions. First, the utmost caution should be observed in applying to this subject concepts and measuring rods which are either too ambiguous to mean much or, worse than that, basically deceptive. "Population pressure," "density of population per square mile," "submarginality of existing resources," are such terms. International raw material problems should be approached not with the static assumptions of any status quo or with moral postulates but with expert knowledge and with awareness of contemporary trends in economic and technical development.

Second, man has considerably more freedom of action in adapting himself and adjusting the particular civilization of his society to a given environment than an uncritical survey suggests or than certain propagandists would have us believe. Technical progress and science have made it more possible for man to substitute for non-available raw materials and resources those that are accessible, thus making him less dependent on specific resources. For the commonwealth of nations as a whole the earlier scarcity of raw materials has changed more and more into an abundance which, significantly enough, is often called from the point of view of price a "surplus" situation. Third, the raw material problem of nations cannot be solved permanently within their narrow political boundaries, because the conception of what constitutes an essential raw material changes continuously with technical progress in the pursuit of peace and national defense. Fourth, the use of crude gauges for measuring the adequacy of a nation's natural resources or domestic supply of raw materials leads to calling the most inventive and industrious nations saturated and the skimming exploiters and rugged primitives the "have-nots."

It is within man's capacity to make adjustments and to invent new solutions. For a more adequate production of foodstuffs it is possible to intensify agriculture and horticulture; for power and fuel it is possible to shift from "deposit resources" to "flow resources" and harness the latent energies of lakes, rivers and tidal sites; for metals synthetic products can be substituted; and in general consumption it is possible to promote thrift and an intensified utilization of available materials. Thus nothing can be more misleading than to assume that there is something like a natural law which by the force of economic gravitation makes nations inevitably dependent on foreign raw materials. It all depends on a large number of

factors, many of which are subject to modification by man, and no generalization is permissible.

II

And yet certain facts seem to be in considerable contrast to man's increasing freedom of action which has been stressed so far. Many nations no longer organize their economic life along the principle of adapting themselves to what they have within their own boundaries and what is available to them. Instead they tend to develop toward a more uniform occidental standard in their wants and ways of consuming and producing. More than a century of liberal tendencies in international trade, migration and investment, and the *pax Britannica* on the oceans, have given more and more momentum to this trend. The modern industrial age is based on a division of labor between countries which convert domestic and imported raw materials into finished goods, and other countries which sell raw materials in exchange for unfinished and finished goods. The development of modern industries and economic systems has its foundation in the principle of international economic intercourse and co-operation. It has induced many countries to neglect a considerable part of their own natural resources, at least temporarily, and instead to take advantage of available foreign raw materials because it requires less economic effort to obtain them.

In none of the countries has this process been the result of a quick decision. It has gained momentum only slowly, motivated by the beneficial effect envisaged in the longer run. In densely populated countries industrialization has created more and more domestic employment, and has made it possible to provide at home for an improving standard of living for a growing population, especially when lower ocean freight charges and improved land transportation have made foreign

raw materials cheaply available to skilled labor. Thus industrialization and intensified foreign trade are capable of relieving "population pressure" and of rendering emigration unnecessary. At the same time they increase the demand for and the dependence on foreign raw materials. It must not be forgotten, however, that this dependence is a matter of economic and political expediency, and that the above discussion of the nations' ability to make adjustments and to invent new solutions remains always potentially valid.

Complete international co-operation in regard to raw materials would be possible if there were no important trade barriers interfering with economic intercourse, and if there were no concealed or open discrimination against the sale of either raw materials or finished goods. It would not be necessary to have freedom of migration between countries. Raw materials would be available to all those countries which could pay for them by exports, services or gold, or, at least temporarily, by international credits. The problem then would be not balance of trade but balance of payments. Industrial nations are able to obtain their raw materials abroad if they can sell their semi-finished and finished goods. Consequently, under conditions of peace, the real controversy of nations arises when obstacles are put into the channels of international trade. We may even neglect the possibility of credit for a while, because credits mean only postponed payments which can ultimately be made only in goods and services. Gold is important in the long run only if a country produces it on a large scale, and then it may simply be considered as another commodity. It is when the exchange of goods and services begins to falter, no matter for what causes, that nations begin to retreat from co-operation and redirect their efforts at the development of domestic resources.

Such a course need not be chosen as an exclusive alternative. It may very well be combined with some degree of exchange

with foreign countries. There is no doubt that purely economic reasoning will frequently find considerable advantages in drawing on raw materials from a great distance. It must be remembered, however, that in many cases, even under conditions of perfect competition in world trade and without any discrimination against imports, domestic resources retain or regain their superiority in quality or costs, as the rediscovery of water power illustrates.

In order to discover the mixed motives behind the various claims and arguments in the international disputes on raw materials and resources, especially the claim of the so-called "have-not" nations (at present Italy, Germany and Japan), it seems advisable to proceed along the order of three different assumptions, envisaging conditions in an economy of peace, in an economy of preparedness and in an economy of war. Though these situations are abstractions, none of them fitting perfectly into reality, they have the merit of revealing important aspects of the problem.

III

An economy of peace. Let us suppose, first, that there is no possibility of recourse to military force, that war is neither a practical possibility nor an ideological potentiality. We may assume that the underlying aim of the economic system is the highest standard of living for the largest number of citizens.

At first it might be thought that a world which renounces the use of violence would be free from most of the evils of international conflicts. Unfortunately, however, it is by no means true that the raw material situation would be free of complications—or that even the major part of the causes of conflict would be eliminated. All nations participating in international trade to any extent would still have vital interests in the raw material trade, and their great differences in

growth, development and vitality would lead unavoidably to competition and controversies.

The first important indirect hindrance to the international exchange of raw materials arises when the prices of important raw materials are brought under monopolistic control. Enhancement of competitive prices imposes a burden upon countries which rely on such materials for certain industries. It may upset their ability to compete in the world market with their finished products. If it affects the prices of foodstuffs it may immediately affect the entire wage and price structure of the country.

Monopolies originate usually in the sphere of private business, and aim primarily at world-wide improvement of net profits of raw material producers; but the drastic toll they frequently collect by restricting production, holding oversized stocks and "feeding" the markets raises their importance often enough to the level of events and problems in world affairs. In several cases such attempts at planning have been endorsed, if not instigated, by governments on behalf of their primary industries.

All these control schemes belong among the experiments in large-scale planning of production and marketing. Basically they are all measures for getting rid of the supposedly disorderly functioning of the price automatism, "cutthroat" competition and surplus situations. Their strategy is that of industrial cartels, and centers around achieving the largest possible production capacity, and then, under the guidance of a central planning board, adopting a strict policy that will stabilize prices and thereby profits. In practically every case such planning is instigated by temporary oversupply or overcapacity. Consequently all raw material cartels try to control production. Like all monopolies, they remain more or less imperfect, and suffer from the fact that, at least in the long run, the efficiency of their control can be undermined by outsiders making

adjustments in supply, by the breaking away of insiders, and by the adaptation of consumers. In the meantime, however, these control schemes upset peaceful co-operation among nations and stimulate defensive activities and retaliations which may take the form of economic policies toward self-sufficiency or, much worse, a foreign policy which sets up claims for an expanded sovereignty.

Such raw material control schemes are or have been in existence for a large number of raw materials, though with widely differing scope, methods and influence. Among the controlled commodities they have affected we find: petroleum, coal and coke; steel and wood; potash, nitrates and sulphur; rubber, cotton, jute, sisal, silk and rayon; wheat, sugar, coffee and tea; copper, zinc, tin, lead, nickel and aluminum; silver, tungsten, bismuth, molybdenum and mercury; platinum, radium and diamonds; iodine, quinine, camphor and quebracho. Within this heterogeneous group of commodity-control cartels, those for rubber, sugar, nitrates and copper are the most important and efficient. The Japanese camphor monopoly and the quinine monopoly of the Dutch East Indies, which were the strongest perfect ones, are now under attack from German synthetic materials and will in due time lose their grip on the market.

In spite of the appeal of the term "planning" or "controlled competition," none of the monopolies mentioned above has improved the international exchange of goods or the conditions of international co-operation, no matter which countries they embrace or which they exclude. Every one of them has artificially created a manipulated scarcity instead of plenty. The most efficient plans, like those for copper, lead, tin and rubber, have underestimated the elasticity of consumption and, at least for a time, have unwillingly sent prices skyrocketing, thereby creating more disorder and a greater tendency toward overexpansion than would have occurred without

them. The Canadian-United States attempt to "protect" world wheat prices through the Wheat Pool and the Federal Farm Board has, to say the least, acted as an additional stimulant to import restrictions, to the subsidizing of domestic wheat production in continental Europe and to a further expansion of wheat growing in Argentina and Australia. The British rubber monopoly has induced American automobile and tire magnates to start Brazilian plantations of their own and to conduct an energetic search for rubber-carrying plants that grow in the temperate zones. In the meantime Germany has actually "busted" the monopoly by inventing a synthetic substitute (Buna) from coal. Competition, the greatest power behind man's economic activity, is a cat with nine lives. And whenever it seems to have been put into solitary confinement, corrosive forces automatically begin to prepare its liberation.

These interferences with supplies and prices of raw materials on the world market are capable of causing strong defensive measures in countries which are taxed by them or feel threatened by further discrimination. Price wars have induced leading industrial nations to fight more stubbornly for control of the sources of certain raw materials. After the loss of the North American colonies Great Britain conquered India and later Egypt. In both cases the desire to keep the great cotton resources under her dominion added momentum to her empire policy. Japan and Italy in a similar attempt, though with other more far-reaching aims, have tried to gain control of Chinese and Ethiopian territory as potential cotton resources. In turn, the control of cotton resources by a few countries has added much weight to ultra-protectionism for national rayon and staple fiber industries in other countries, a measure originating in national defense policies because rayon and explosives are produced by the same industry.

Another important disturbance to the peaceful exchange of raw materials and foodstuffs hinges on the policy of foreign

investment pursued by big powers. Investment as the main motor for the maintenance and acceleration of employment and prosperity is frequently used as a powerful but less conspicuous weapon to abuse peace as the continuation of war. During the last two decades France, in her desperate struggle for political and economic supremacy, and England, in her game of establishing a new balance of power in Europe, have followed the policy of large-scale investment in smaller countries in middle and eastern Europe. These investments, because they have conspicuously lacked any constructive philosophy of European conciliation and peace, have violated the fundamental commandments of international co-operation. Instead of conciliation they have promoted hostility and have pushed the other countries into more nationalistic economic policies.

Any restriction upon international trade or any discriminatory policy against other peoples, no matter how pacifistic and humanitarian the motive, may cause at least a psychology of "raw material distress." Export taxes, whether they are intended only for revenue or are purposely discriminatory, all sorts of other export restrictions, up to an embargo on exports, hurt the countries dependent upon the purchase of the raw material and force them to retaliate in some way. Of course, shortsighted policies neglect such remote repercussions. And beyond the measures which interfere specifically with the exchange of raw materials, every one of the measures of economic nationalism has similar results. Trade barriers, like protective duties and quotas, discriminatory regulations against foreign goods, buy-at-home propaganda and boycotts create situations in which certain nations cannot sell their produce and therefore cannot pay for raw materials. Protectionism throttles normal intercourse also in other ways. By enforcing the claims to political debts and tributes it again compels the

debtors either to buy fewer raw materials or to sell more finished goods.

Needless to say, the extreme of such tactics, in the form of economic pressure brought about by one country or a group of countries, for example against industrial exporters who are the main raw material importers, is likely to foster the victim's claim for political sovereignty over raw material. It is obvious that sufficient economic pressure will eventually generate political pressure, and this in turn will lead to attempts to attack basic economic evils with means of violence. In fact, the whole range of devices ingeniously invented to modify and curtail international intercourse compels nations either to strengthen autarchic policies or to look for more fundamental solutions abroad by imperialistic policies.

Hence the assumption of a perfectly peaceful economy proves to be utopian as soon as efficient monopolistic measures relating to raw material supplies are resorted to.

An economy of preparedness. When we accept the possibility that economic reasoning and action will be supplemented by armed disputes among nations, the international raw material picture becomes considerably more intricate. There are profound changes in the attitude of nations when a fear develops that ordinary supplies of raw materials may be cut off. The World War split the nations of the globe into two hostile camps fighting desperately for access to or retention of the sources of raw materials, and the deadly weapon of the blockade engraved the raw material problem on the minds of each civilian and each generation. Since this was the first attempt on a world-wide scale to cut off life lines, and since its repetition seems fairly probable, it is not surprising to see a majority of nations acting on suspicion and trying to regain more independence by every possible sort of policy.

The increased efficiency of bombing planes and the new theory of the "total war," which includes all former noncom-

batants, has made concern over the security of food supplies into an immediate political issue in every European country. Practically everywhere a policy has been adopted which fosters or subsidizes the maintenance of a minimum capacity of domestic food production, particularly in regard to grain. In addition, a considerable increase of stored supplies has been adopted as a permanent policy. Only recently England has shaped a real policy of accumulating large stores of vital food and other war materials. In August 1938 J. M. Keynes, who is food storage adviser to the British government, presented a paper to the British Association for the Advancement of Science in which he suggested, for reasons of general economic policy, the accumulation and permanent carrying over of £500,000,000 worth of goods by the government at an annual cost of about £20,000,000. His economic reasoning bolsters the general tendency toward the utmost preparedness, and suggests how to make the best of a sad necessity.

The materials which can best be stored are highly concentrated types of food, such as proteins and fats. Canned fatty meat can be stored at fairly low cost, while bulky carbohydrates, mostly in the form of grain, involve high storage costs. The best form of preparedness is still the maintenance of a high capacity of domestic production.

Next to food, all nations regard energy supplies as of vital importance in case of emergency. Precautions in this field take the form of a subsidized development of domestic resources for steam power and hydroelectric power. They lead to high protectionism for all sorts of substitutes, for example, coal derivatives for oil, compressed lighting gas or wood (by the process of destructive distillation) for gasoline, and crude oil or spirit produced from wood. Substantially the same principles are applied to all sorts of raw materials for industries, including fibers and minerals.

Direct subsidies or domestic prices artificially enhanced by

tariffs encourage substitution and encourage also the utilization of poorer domestic sources which otherwise would not pay. The relatively brief period from the end of the World War to the present day has moved whole mountains in the production and utilization of raw materials. Undoubtedly the influences discussed above, in combination with those entailed in a regime of preparedness, have contributed to the realization of scores of inventions and potentialities which otherwise might have come decades later if at all.

All the policies designed to create improved protection and better chances for national defense have one economic characteristic in common: they all disturb the competitive cost economy and result in ruptures in the natural price situation. They all strengthen latent tendencies toward economic nationalism and thereby aggravate the weight of other motives already operating toward that end.

If domestic economic adjustments were the only result, one might anticipate that after a period in which nations attempted to retire behind their own walls, a slow reversal of that development would take place. Certain writers who cherish the idea of planned economy on a world-wide scale have not hesitated to consider such a national consolidation as the necessary preliminary step to a welding together of all the planned national economic systems.

Unfortunately, however, historical reality moves in more than one or two dimensions. All measures of preparedness foster the claim to sovereignty in raw material resources by those nations which find it hard to achieve their ends by economics of preparedness. The potential belligerents gird themselves with plans of how they can overcome their raw material shortage once and forever by territorial increases. Embargoes on essential military raw materials, which are regarded in some countries as effective prophylactic measures, lead almost immediately to duress and consequently to self-defense and

violence in others. The attempt to prevent arming by embargoes on nickel or bauxite or other minerals does not prevent the nations discriminated against from forging their weapons, but stimulates their resentment and their determination to get out of that state of duress, regardless of costs. Neither embargoes on war contraband nor boycotts have ever achieved their aims.

An economy of war. While monopolistic interferences with international trade and the introduction of policies of preparedness cause many disruptions in a world that is driven primarily by the pursuit of economic ends, we are faced with a radically different motivation for the behavior of nations as soon as we begin to analyze or interpret the economy of war. Since much of the economics of preparedness is always conceived with one eye on the situation in a future war, our final assumption offers at least an illuminating retrospect on the economy of preparedness and makes possible a better understanding of all its implications.

The basically new situation lies in the different centering of all economic reasoning in an environment which seems like peace but is the dormant state of war. Economic conditions, especially unsatisfactory ones, are now interpreted as the consequence of political pressure. Logically enough, politics and power are considered as the means of improving economic conditions. Any argument against such an approach proves futile because history is a continuous chain of political and economic events, and as soon as we go far enough back in the chain we can always find sufficient evidence for an assumption like the political origin of unsatisfactory economic conditions. Often enough such belligerent argumentation results from economic distress, created as the aftermath of a previous war or undercover economic warfare. As soon as this state of mind is reached, economics begins to be adjusted to the necessities of war. Considerations of costs, which are supreme in

an economy of peace and are not overlooked in an economy of preparedness, move to second or third place. Long before war breaks out profound changes take place in the economic sphere, though they are not necessarily very apparent on the surface.

Once a country has adopted a creed of violence it begins to strengthen every economic position which might jeopardize its military success in case of war. One of the main precautions is concerned with the anticipation of "sanctions." All the preparations discussed under the assumption of an economy of preparedness are of course equally valid. But they have a different flavor. The demonic spirit of high-power policy and the grim determination of desperados begin to pervade every step that perhaps might otherwise be taken also, but in a different spirit. Utilization of domestic resources, thrift in consumption, harnessing technology for the creation of substitutes and new products, are not only intensified but they become regimented and disciplined, so that they can be controlled and operated from one master switchboard. From the point of view of developing the utmost military efficiency such a co-ordination and Taylor-system for the whole economic system seems only logical.

As several recent examples prove, the results are appalling. When consumption is thus controlled, when an increased proportion of the social product is used or controlled by the state for the formation of capital, when these savings are devoted exclusively to armaments and preparedness, miraculous results may be achieved, especially if the machinery has been set in motion during a depression. The potentialities of such measures should not be underestimated. Economists especially seem tempted to underrate the extraordinary freedom of action made possible as soon as adherence to a normal competitive cost economy is abandoned. Their faulty reasoning seems to underlie most of their forecasts of the necessary doom of a

"demonic economy," as well as their suggestions for throttling or terminating war quickly by sanctions. German experience in the World War offers remarkable evidence against such self-deception. Germany had no oil, no cotton, no rubber, no copper, no nickel, no bauxite, no tin, no saltpeter, and yet for four years she fought remarkably well against the "have" nations of the earth.

Since modern war, with motorized transport and weapons, accelerates industrial consumption at a tremendous rate, it devours all sorts of fuel and other raw materials. It is one of the aims of war economy to conquer the access to foreign raw material resources. This means that a country with a shortage of such domestic resources will base its military action on plans to strike with lightning speed at desirable foreign resource territory. For the situation after the victory it does not necessarily mean annexation; political supremacy over areas large enough to assure the sale of finished goods and purchasing of raw materials may be sufficient. It is obvious that as long as one leading power rules the seven seas, other nations with smaller navies will value contiguous territory more highly than colonies.

War economy thus operates in two directions. On the one hand, it aggravates economic nationalism, undermines international co-operation and moves willfully toward conflagration. On the other hand, it cannot escape acting in a beneficial way. Not by virtue of frustration or peaceful intention but by the necessities of its own procedure, it creates more independence and a wider margin for man's conquest of the frugal natural environment by stimulating the invention and utilization of new resources for foodstuffs and raw materials. Thereby it cannot but diminish the desire to conquer foreign resources. This procedure deserves the wholehearted endorsement of all who hate the insane destruction of men and all that is dear to them, paradoxically called the *ultima ratio*

regum. Man's brain is, after all, the greatest natural resource. The inventions and progress made by some ingenious pioneers in science and technology not only break monopolies but lessen the lust for territorial conquest. Men like Frank, Caro, Haber and Bosch have eliminated the idea of conquering Chilean nitrate deposits. Their invention of mining nitrogen from the air means today for the food supply of many densely populated countries more than many conquered provinces. Through the process of converting coal into oil, Bergius has mitigated the claims for oil, while the development of plastics and of magnesium has deflected the claims for sovereignty over resources of copper, bauxite and many other raw materials.

None of these three assumptions fits reality. Especially those of perfect peace and war are abstractions which only in rare situations come close to facts. The economy of preparedness resembles most closely the normal situation of an economics of peace with a varying emphasis on preparedness.

IV

After all that has been said it is obvious that the raw material problem changes its aspects continually and cannot conceivably be solved permanently. It is equally obvious that as long as the threat of war cannot be banned and as long as, either by the absolute supremacy of one big power or by a militant collective security, a certain security in international trade cannot be achieved, the struggle for the political security of large areas of unhindered exchange of goods and services will continue. Highly industrialized nations depend for their standard of living on the exchange of finished goods for raw materials, and are consequently vulnerable in their foreign trade. Nationalistic attitudes of a raw material supplying nation, culminating in a boycott, as well as the military threat

of third powers against the mineral deposits of a neutral country, generate claims to conquest by the raw material buying nation—not for settlement but as a guarantee for an unhampered foreign trade.

It does not require great political ingenuity to foresee that such conquests will not settle the question in any sense, since they generate more hatred and political irredentism. In the last analysis two reasonable international solutions seem to be open: one is an unconditional return to a more liberal international trade founded on most-favored-nation treaties, strengthened if possible by collective security pacts; the other is the creation of large territories by political and economic alliances of several groups of nations, in order to achieve a better balance of markets and resources. The first way has been followed by the United States since 1933. It is fitting in referring to this policy to quote its responsible author and administrator, Secretary Cordell Hull. In a letter of September 2, 1938, to Mr. John Hamilton, he stated:

"I am convinced that a vast proportion of the American people, regardless of political alignment, is already agreed: That economic armaments result in a lowering of living standards throughout the entire world; foment internal strife; and offer constant temptation to use force, or threat of force, as a means of obtaining from other nations what could have been procured through the normal processes of trade. That a people driven to desperation by want and misery is a constant threat of disorder and chaos, both internal and external. That to the extent that we can make it easier for ourselves and everyone else to live, we diminish the pressure on any country to seek economic betterment through war. That the great fundamental approach to the problem of peace is the ordering of the economic life of the civilized world in a manner which will enable the masses of the people to work and live in reasonable comfort. That nations cannot produce on a level to

sustain their populations in comfort and well-being unless there are reasonable opportunities to trade one with another. That this cannot happen in a world of extreme economic barriers and military hostility. For these self-evident reasons, the trade-agreements program is a great cornerstone for the edifice of peace."

This most logical and powerful testimony speaks eloquently for itself and needs no further elaboration. Such a policy, however, requires great courage and decision on the part of the most solvent major powers, and a concerted effort toward real economic conciliation in exchange for military conciliation. Unfortunately every country has influential groups of die-hard protectionists who fight such a cause tooth and nail. Therefore these prerequisites will be hard to fulfill, and at best it will take a long time and stubborn efforts by real statesmen to achieve visible progress.

What must be achieved is thorough revision of the cruel idiocy of the Treaty of Versailles which, instead of creating real co-operation within a conciliated league of European nations, Balkanized that tragic continent, drenched with blood and tears, inhabited by 400 million people. While the American Civil War gave birth to the large pacified commonwealth of the United States, the World War sacrifice of 10 million dead and 20 million cripples missed the rare opportunity of a century to establish a pacified United Europe, a much better opportunity than that wasted by Napoleon once before.

The policy of revival of free international trade is doomed as long as the European continent has not delivered itself from Versailles and found a new platform of sound co-operation. Unfortunately there is at present little hope for any genuine reconstruction of Europe on the base of a new beginning and a philosophy of reason. Obviously no nation on the old continent can jump over the shadow of its own history, and the

most important ones among them are unable to emancipate themselves from the eternal continuity of crime and punishment, of offense and revenge.

The present efforts toward reorganizing the occident are merely in reciprocation of the postwar stupidity of the other side. Until 1933 France converted the League of Nations into an instrument for her own hegemony over Europe and for keeping Germany weak. Now Germany pays back in kind. Instead of concentrating her efforts on establishing a lasting peace on a basis of international co-operation, Great Britain has fenced off her empire with preferential duties. While she did not prevent the miserable treatment of the peaceful Weimar republic, and did not effectively oppose the French claims for hegemony, she tries now to make the best of the German version of the same game.

If the miracle should happen that Europe does not soon plunge into another war it might well be that the world will take the shape of a number of large preferential trade systems. The British Empire, North and South America, a German bloc of Middle Europe and the Near East, the Soviet Union, an Italo-Mediterranean and a Japan-China territory may appear like a piecemeal solution of raw material problems. As it has been shown, sovereignty of one sort or another does not solve the problem of resources. Moreover, the conquest that accomplishes it is likely to be merely an episode in the bloody struggle that goes on.

If the interpretation is correct that political unrest and the threat of war are essentially of economic origin, then Cordell Hull's principles of international trade, which involve also the final conciliation on war debts, offer the formula for peace. If, however, the sequence of cause and consequence is the other way around, if, in other words, the major part of economic unrest is predominantly the result of political unreasonableness and adventurous power policy, then economic con-

ciliation with the dynamic warrior nations may prove to be suicidal.

I believe that the economic argument covers only a part of the truth. Hence the policy of improved international trade offers a solution only for that part of the world which is susceptible to peaceful co-operation. In dealing with the centers of the disturbance the sad obligation remains to deal first, and in a realistic way, with the "demonic" and non-economic issues of the struggle.

VI

AUTARCHY

By EDUARD HEIMANN

I

TWO different sources of the idea of autarchy may be distinguished, one economic, the other military.

Economically autarchy is, of course, opposed to economic internationalism. This latter idea, in turn, exists in two forms mutually exclusive, although connected through the historical transformation of underlying conditions—free trade and international planning, the first correlated to industrial expansion, the second to contraction and crisis. As both devices of internationalism have failed to organize the disturbed world of today, the principle of internationalism itself is considered refuted and gives way to that of autarchy.

For the purposes of this discussion the tariffs of prewar times are negligible, heated though the struggle about them was. They rendered more difficult but never prevented the growth of world trade, and thus they weakened but did not destroy the free-trade character of the entire period, at least until the war, perhaps until the great economic crisis.

This is not the place to enumerate the huge achievements and merits of free trade. Rather, in discussing the origin of

autarchy, its two shortcomings must be emphasized. First, instead of facilitating peaceful integration and the co-operation of different countries on an equal footing free trade inevitably favored financial imperialism, just as *laissez faire* did in the domestic economy. In the international field financial imperialism results mainly from the transformation of an export interest into a creditor interest when exports must be sold on credit; the weaker politically and the less developed economically the debtor country, the more it may have to submit to budgetary supervision to insure the debt service, and this tends logically to grow into general political supervision. Second and even more important, when the world markets suddenly shrank, free trade automatically drew all countries into the vortex of the crisis. Logically enough, every country tried to ward off the flood by prohibitive barriers, or to shift to others the burden of losses, by measures designed to deflect the flow of goods and payments from the former channels. The disruptive effects of free trade in times of crisis offset and outweigh the benefits drawn from it in prosperity.

The apparently natural remedy for disturbance and contraction in an unregulated world economy is its deliberate regulation. This, however, would require a planning center equipped with a considerable measure of authority—a goal that appears unattainable in a disintegrating and constantly shifting world. Communism recommends its International as the only possible basis of a planned economic internationalism. But there is no possibility, under present conditions, of laying that political foundation, and it is more than questionable whether its advocates themselves are aware of its economic implications. In view of the very unequal distribution of natural wealth among the various countries, the rich countries, such as Russia, would have to surrender a part of their wealth to the poorer ones, such as Italy, of course without compensation. This is purely utopian, even aside from

the political question. Hence it is safe to say that no existing tendency favors international planning as an alternative to international free trade.

From the failure of the two systems of economic internationalism the program of autarchy emerges. It is hailed as a retreat from commitments that turn out to be ruinous, economically through the crisis which sweeps all participants in world trade, and politically through financial imperialism. Autarchy promises security for the domestic economy by shutting it off from the ups and downs of unregulated economies; it is the foreign policy of a planned national economy, be it that of communist Russia or of national socialist Germany. What deserves particular attention, however, is the anti-imperialistic element in the ideology of autarchy, as far as its economic roots are concerned. If wars were to be traced entirely to economic imperialism, as we are emphatically told, the hope for peace would rest with the most complete isolation of the nations through autarchy; if there are no economic contacts, there can be no economic conflicts. In fact, no one doubts that autarchy in Russia has had to protect "socialism in one country" from economic aggression by hostile powers, and there is no doubt either of the deep-seated German suspicion, from Friedrich List on, of the imperialistic effects of international free trade. Outside the borders and the political reach of the fatherland one may fall prey to hostile foreign interests—this is the sentimental anti-imperialism of the ideology. Of course, this is not the whole story; it is, in fact, considerably less than half the story.

The larger half is military. If autarchy, in its economic aspect, aims at security from financial control and economic crises in times of peace, in its military aspect it aims at security in times of war. Not the least claim to glory of free trade is that it prevents war by establishing between potential adversaries such economic interdependence that in isolation they

could not survive, much less wage war. Consequently a strict program of autarchy, while removing economic conflicts that might breed war, does away at the same time with economic obstacles to warfare. The less we believe that imperialism has solely economic causes the more dangerous to peace must autarchy appear. In continental states particularly, autarchy may be said to be the answer to the unique technique of world domination established by Great Britain, combining free trade with a naval and colonial hegemony which, under free trade, makes Britain alone safe even in war. This will be discussed later.

II

The degree to which autarchy is capable of realization is, of course, the main point of controversy. That it is a utopian program, and that Germany is doomed by adhering to it, is strongly maintained by some, curiously enough mostly communists, who appear unaware of the discrepancy between the official internationalism of their program and the rigorous autarchy practiced by their model country. When they point with pride to the difference between the natural poverty of Germany and the abundance of resources in Russia, amazing as the ideology behind such statements may be in communists, they come nearer the real problem. The problem is one of conditions, of natural and historical equipment, of the size, population density and wealth of the country. A country large enough, climatically and geologically favored and alive to its opportunity, is by definition capable of autarchy; the less such prerequisites are fulfilled, the more precarious would the situation under autarchy become.

It is true that it is not the absolute size and population density of the land that matter. Before there were world trade and industry there was autarchy on a local rural basis,

with more or less self-supporting farms and a few modest manufacturing centers and with a correspondingly low population capacity of the land. Where such a system survives it may be preserved, although it is difficult to say how this should be possible with political and economic dynamics being what they are today. Most certainly, however, autarchy is impossible for small, densely populated, industrially developed countries, the prototype of which is Belgium, the most densely populated country of the world. Such a country depends on securing its necessary food supply from abroad, in exchange for its industrial products; its agricultural basis extends, as it were, into foreign lands, because its domestic soil is not sufficient to support the number of people living on it.

It follows that such a country is not only unable to consider autarchy for itself but is severely threatened in its very existence if others turn to autarchy. It would be an exaggeration to say that it could not remain politically independent in the midst of powerful neighbors which adopt a policy of autarchy: there may be other small states whose economic systems supplement its own, or it may be the fortunate possessor of natural resources coveted by the mutually antagonistic forces surrounding it, so that its bargaining position with them is strong as long as the political equilibrium between them persists. But these very qualifications indicate how precarious its position in a world of autarchy becomes if it desires to avoid joining any of the rising economic empires. It is worth the most serious attention that the principle of national autonomy for large and small peoples alike requires a functioning world economy, whatever the means of attaining and preserving it.

From the point of view of the big states in their drive to empire, the attractiveness of autarchy and the technical possibility of achieving it are bound to increase as it serves to undermine the independence of smaller nations and to force

them into the orbit of the big ones. The geographical area that can be molded into one self-sufficient unit appears increasingly large and diversified. This expansive tendency makes it clear that autarchy cannot be considered in terms of static political-geographic conditions. If it were, we could only say that it is repudiated by its own champions when they include in their program an exchange of goods with adjacent smaller countries. Autarchy, to be sure, is a program of self-sufficiency, but in order to achieve that goal it produces a dynamic rearrangement of economic and political relationships, an empire in opposition to the world market. A planned economy has to stave off the dangers of an economic crisis, a planned war economy the dangers of dependence on foreign supplies in the event of war. But this does not mean that a unified and deliberately regulated economy should be restricted to its own area; if it can be made to include adjacent areas as well, it is more easily attainable and involves less sacrifice of economic welfare.

Thus the objective of autarchy is political control of economic activities in line with the supreme political ends. Unregulated transactions with foreign partners must be barred; as far as they cannot be brought into the fold of domestic political regulation they must be broken up and replaced by others that can. Such imports as are not controllable politically or may become unattainable in war are objectionable, but only these. In practice this means giving up world trade in the stricter sense and turning to adjacent small countries which must give in when threatened with economic strangulation and which may be militarily dominated in war and thus included in the war economy proper. In the extreme case this dynamic autarchy would not diminish foreign supplies at all, but would merely import them from other sources; instead of accepting them from individuals and countries scattered throughout the world it would receive them from

neighbors under a political agreement. The goal of this policy is a political-economic-geographical unit, closed in itself and protected from being cut off from its resources. Hence any attempt at a statistical verification of the possibilities of autarchy for one country is, strictly speaking, off the point.

Obviously autarchy is not only consistent with but demands bilateral exchange transactions with certain neighbors on a barter or clearing basis. There may, for example, be an agreement between governments to the effect that one will place the other's currency at the disposal of its nationals for the purchase of specified goods and will invite its nationals to take advantage of the facilities of the agreement. It is true that such arrangements alone are not entirely satisfactory, inasmuch as they merely legalize an upper limit to the volume of the exchange and contain no guarantee that it may be reached as it should. Therefore for the realization of the objective much depends on whether there are further measures designated by the agreement or embodied in the economic policy of the government which are designed to make compliance attractive or imperative for the nationals. The more totalitarian a state, the more these necessary supplements to the agreement may be expected, even where private property and initiative are formally upheld. A full-fledged foreign trade monopoly, of course, even without domestic communism, would make an immediate reality of the possibility opened up by the agreement. The same effect would be reached by a sufficiently large supply of armaments under the treaty.

III

Although statistical verification of the possibilities of autarchy is not very relevant in a dynamic situation, it must not be concluded that statistics can contribute nothing to the discussion. Provided we are aware of the necessary qualifica-

tions it is obvious that autarchy is the more easily attainable the richer and more diversified in itself the nucleus state. The following figures¹ are an inevitably crude estimate of various countries' production of basic materials in percentage of their present consumption of those materials:

U.S.S.R.	111	France	63
U.S.A.	105	Japan	40
Germany	78	Italy	27
England	67		

Naturally even those countries that produce more than they consume at home need not be autarchic in the abstract sense of the word, but may be short of certain materials while producing surpluses in others. This is well known in the case of the United States. But this qualification would not detract from the fact that of all states Russia and the United States are by far the richest naturally, and are hence the most capable of autarchy, even though they lack certain necessary items; their bargaining position is extremely strong.

The dynamic political meaning of autarchy can be illustrated by figures from a naturally non-autarchic country. In 1936, before the annexation of Austria, Germany's share in the trade of southeastern Europe was as indicated in Table 1.² This shows the formidable strength of the German position in the Balkans, built up in only a few years and certainly not entirely traceable to such German maneuvers as buying large quantities of goods and then refusing to pay for them except in exports. The fact, moreover, that the process has taken place at the expense of the French, whose economic position had been predominant in the Balkans in the first postwar period, makes the shift even more striking. The German

¹ From Ernst Wagemann, *Wirtschaftspolitische Strategie* (Hamburg 1937), p. 163.

² Wagemann, p. 188.

position in the Balkans, even before the seizure of Austria, was exactly as strong as that of England in the Empire or of the United States in the Americas—nothing less than an economic empire. The concentration of German energies on this particular object becomes clearest when we compare the situation in the Balkans with the general German position in foreign trade. From 1935 to 1936 Germany's foreign trade increased 25 per cent, a rise completely in line with the re-

TABLE I

GERMANY'S SHARE IN TRADE OF SOUTHEASTERN EUROPE, 1936

	<i>Percentage of Imports from Germany</i>	<i>Percentage of Exports to Germany</i>
Bulgaria	61.0	47.6
Greece	22.6	36.4
Jugoslavia	26.7	23.7
Rumania	39.0	20.7
Hungary	25.8	23.1
Turkey	45.1	51.0

covery of world trade in general; but her imports from the Balkans rose 56 per cent and her exports to the Balkans 45 per cent.

Not all foreign trade of an autarchic country, of course, is regulated directly by the authorities. It can be roughly estimated that while half the volume of foreign trade goes through clearing and compensation channels, the other half is unregulated as far as selection of the partners is concerned. But it is not entirely unregulated; by manipulation of the exchange control it may be concentrated upon such purchases as are most urgently required from a political point of view. Wherever in the world such materials become available they will be bought in the free market and the necessary currency will be granted by the government, which reserves this cur-

rency for such urgent needs by withholding it from other uses for which a free business system might have claimed it. In other words, lifting the generally applied restrictions, for the sake of particular imports, is also an act of planned economy, as far as the domestic system is concerned, but does not appear as such in any statistics. In illustration of this procedure German import surpluses of important raw materials during 1928 and 1937 are compared in Table II.⁸

TABLE II
GERMAN IMPORT SURPLUSES OF CERTAIN RAW MATERIALS

	1928 (in 1000 tons)	1937 (in 1000 tons)
Iron ore	13,436	20,610
Copper	260	253
Rubber	39	112
Mineral oils	2,204	4,161
Cotton	356	349

This does not look like autarchy in the sense of barring imports, nor like self-strangulation through domestic exchange control and foreign boycotts; what it amounts to is the concentration of business energies and financial resources on a few fields approved by the political leadership, as the counterpart to the restrictions on other fields. This is what regulation really means: a deliberate redistribution of available means for new ends.

Finally, a further success of this policy is demonstrated in the shift of the weight and value of German total imports from 1932 to 1936: while total weight rose 54.6 per cent, total value fell 10 per cent, thus indicating that during these years there was a drastic change in favor of bulky cheap goods.

⁸ Statistisches Reichsamt, *Monatliche Nachweise für den auswärtigen Handel Deutschlands* (Berlin, 1928, 1937).

IV

The entire system may be compared with the economic-military position of England. Of the wheat consumed in England during peacetime 75 per cent is imported, and the normal stocks are six weeks ahead of consumption; of fats 90 per cent is imported, with the stocks amounting to three weeks of consumption; meat imports are 50 per cent of the demand and the stock represents two weeks, the position being made even more vulnerable by the dependence of the domestic part of the supply on imported fodder; of fish 90 per cent is caught in home waters, but this production would entirely stop in war; eggs are 40 per cent imported and there is practically no storage. In this situation a controversy has arisen over the best method of economic "home defense":⁴ Sir Arthur Salter, during the war director of ship requisitioning and chairman of the Allied Maritime Transport Executive, recommends a system of storage; Sir Thomas Inskip, Minister for the Co-ordination of Defense, an expansion of domestic agriculture.

The government has begun a policy of storage, the nucleus to be one year's wheat consumption or its equivalent in terms of tonnage in some other commodity, since the tonnage saved on one kind of supplies is available for any other. The other important item in the program as recommended by Sir Arthur is "meat on the hoof," to be slaughtered at once in the beginning of war; this is a particularly good form of "storage" because fodder imports, being more bulky than those of pigs or bacon, must be stopped at once in war (compare the "pig murder" in Germany in 1915, for which the National Socialists blame Jewish advisers to the government and their intention to starve the German people).

⁴ Cf. *Economist*, vol. 129 (October 2, 1937), p. 12.

The cost of his program Sir Arthur calculates to be at most 4 per cent of the annual armament expenditure. This amount, however, is considered far too high by Sir Thomas, though perhaps his reasoning is only designed to discourage speculators and to cheapen the realization of the storage program. He points to the increase of 19 per cent in English crops in the course of six years, from 25 to 30 per cent of total consumption, and recommends that this path to economic security be followed in wartime. Sir Arthur retorts by denouncing the demanded expansion of agriculture as unfeasible because its cost would become "altogether prohibitive" beyond one third of the demand for food.

The entire controversy baffles the foreign observer by the apparent inadequacy of the remedies under consideration. To understand it one has not to content himself with admiring or frowning upon the British desire to keep at a minimum any interference with the normal peacetime economy. It is true that this desire appears to be an accepted doctrine on both sides of the controversy. But something very different is also accepted on both sides, and this factor makes the problems of the controversy appear of minor importance in relation to the total economic problem of war. This tacitly accepted factor is the British confidence that the navy will uphold the domestic economy and provide it with what it needs from abroad, with only minor reductions in war. And this brings the British program within the range of the program of autarchy as defined and elaborated above. The controversy regarding a relatively small storage or an equally inadequate expansion of agriculture refers merely to a question of internal reorganization; the bulk of the problem is supposed to be taken care of by the navy. It is the navy which makes the Empire a self-sufficient body in exactly that geographical-military sense discussed above in reference to a

continental power: through her navy England is adjacent to all countries of the world, and militarily predominant in many. We may speak of her imperial-maritime autarchy, or we may interpret her system as the counterpart to autarchy under different geographical conditions.

V

Although autarchy is a device not of a static economy but of potential military dynamics it is necessary to examine also the domestic basis of the autarchic continental empire, as far as feasible in statistical terms. Even if the domestic potentialities of autarchy do not exhaust the problem, they undoubtedly form its major part, as illustrated by the unfeasibility of autarchy in small countries. In considering the deterioration of economic welfare that autarchy inevitably brings it is essential to examine how far this deterioration is real and how far it is tolerable. That it passes of necessity beyond the limit of the tolerable, and therefore leads to economic breakdown, is the contention of the critics; that it need not take this turn, although it may take it at any time, is the lesson of five years of German autarchy, and of twenty years of autarchy in Russia.

To begin with, autarchy is incompatible with and destructive of the most advantageous forms of international trade, those of three and more participants. It is exceptional that a bilateral transaction is the most advantageous possible arrangement, from an economic point of view; this would require that the two partners be the best mutual suppliers of what they respectively need. It is infinitely easier for A to find a B that is in urgent need of A's product, and therefore the best possible buyer, and a separate C that is the best, that is, the cheapest supplier of what A needs. This arrangement, of course, leaves open the account between B and C; it does not

concern A, or at any rate, it is beyond A's control to determine whether C uses the money received from A to buy directly from B, or from X or Y, which in turn would directly or indirectly buy from B and thus close the circuit. Under autarchy such an arrangement cannot survive, unless all three partners are included in the unified system, for A's account with B or C is likely to be uneven and to need adjustment, that is, reduction. From a purely economic point of view this is certainly idiotic, no less so than if a lawyer or professor bought just as many vegetables from the grocer as the grocer would buy lawsuits from the lawyer's office or lectures from the professor's school, as has been pointed out by Henry Chalmers, head of the Division of Foreign Tariffs in the Department of Commerce in Washington.⁵ Unfortunately, what appears idiotic in a world of economic reason may make sense in a militarily distorted world, and this gives the bilateral agreements their present ascendancy.

It is impossible to give a sound estimate of the volume of triangular trade. Only to illustrate its magnitude it may be mentioned that Chalmers estimates the total one-sided balances of trade as almost one third of all international trade. This proportion, however, is of necessity far less than the uneven accounts between any two countries, because in the total record two uneven accounts of one country may cancel out. And for the present analysis it is the uneven accounts between two countries that matter. On the other hand, it is equally impossible to estimate how many triangular arrangements, in which those uneven accounts would cancel out, can be included in an autarchic group of states. We can only say that the loss in economic welfare that comes with autarchy must be enormous on this account. The loss would consist of the difference between the advantage of the abandoned

⁵ Academy of Political Science, *Annals* (July 1934), p. 101.

channels and of the autarchic schemes that replace them; in extreme cases no substitute at all would be found.

But of course this is not the whole story, and even if it were it would not prove that the losses are too heavy to be borne, heavy as they certainly are. To insist on the ruinous character of autarchy would be tantamount to declaring industry in one country impossible. Now the rise of industry in a country without any international commercial relations would certainly proceed under a big handicap and therefore relatively slowly, but there is no reason for holding it impossible altogether. Logically we may distinguish two phases in the turning of a country to autarchy, although the two logical phases need not be subsequent in time but may be simultaneous and interlocking. One phase would be the shrinkage of opportunity and productivity that comes from the destruction of productive international relations, as discussed above. The other phase, however, would be the reconstruction on the new narrower basis, after making allowance for those losses. It is this latter possibility, the rise of industry on a strictly national basis, against which the criticism is directed.

In support of the criticism one might refer to Adam Smith's famous doctrine that cost of production decreases with enlargement of the scale of production and the latter increases with enlargement of the market. But again, this does not prove the strict impossibility of progress on a national scale, and the less so since the national market today is, for economic purposes, a multiple of what it used to be in the beginnings of industry. The market is not a geographical concept; it means the number and purchasing power of potential buyers, and a country that might have been too thinly populated and too poor a hundred years ago for the output of large-scale industries may present an adequately large market today. This is no mere speculation; it may be confidently maintained that every big power today would present a sufficiently large

domestic market for large-scale industry to develop. This is not to deny the oversize and unused capacities of existing industries; it means only that all industries could develop, in the sense of building up at least one large-scale unit each, for the supply of the domestic market. If it be desired that at least two competing units be established to prevent the disadvantages of a complete monopoly, there is again no doubt that markets like the German one are large enough to support two units of even the most exacting industry.

But the losses implicit in autarchy cannot be examined as if there were, without it, a full and steady utilization of productive channels in world trade; in other words, the results of autarchy cannot be compared with those of a functioning world market which does not exist. The crippling of world trade in the economic crisis was the main economic cause of the rise of autarchy. A fair estimate of the latter's effects would have to take the average of a business cycle, with its ups and downs and its implications of fear and distress, and compare that average with the stabilization on a low level that comes through autarchy and national regulation. This brings us finally to the case of war, for then the most serious peacetime sacrifices may find their reward by securing the country's survival and possibly its victory. This sort of reasoning, resorted to by the advocates of autarchy, is of the strictest logic, given its presuppositions; and the most important of these presuppositions, the constant imminence of war, is of their own making and is unceasingly impressed by them on all peoples. In the world as it is there is no possibility of refuting autarchy.

Measurement of the effects of autarchy on the domestic economy faces great and in fact insuperable difficulties.

First, with regard to Russia, it is commonly held that in spite of autarchy incomes have considerably risen over pre-war figures and figures previous to the first Five-Year Plan.

But no convincing evidence is available, despite the tremendous mass of statistical material poured out in the Russian publications. From 1924 to the first quarter of 1931 average money wages increased 130 per cent; in 1931 the "individual wage fund" was 97 per cent above that of 1927-28, while the "socialized wage funds" for workers' welfare, insurance, education, health and the like increased even faster. Since the number of workers in 1931 is indicated as about 50 per cent higher than in 1927, these figures would mean an increase of nominal wages by one third.⁶ Furthermore, per capita income in 1931 was 37 per cent higher than in 1913 "at 1913 prices" (Ronin, p. 371), it being understood that the total was much more equally distributed, a further gain for the lower layers. But in the absence of any data on living costs this tells us little. It is said that "despite the rapid growth of industrialization . . . there has been a shortage of various articles of general consumption" (pp. 356-57), and the hope is cherished that the future will "furnish at least the industrial workers with goods in an amount equivalent to the income of these workers." This amounts to saying that the prices in which that comparison of incomes was drawn existed only on paper, that they would buy nothing, that real prices were considerably higher and real incomes correspondingly lower. By how much we are quite unable to say.

More recent figures are no better. Average wages rose from 730 rubles in 1928 to 2250 in 1936. But Hubbard contends that the price level quintupled in that period, and certainly the total notes in circulation increased from 2.6 to 10.8 billion—all of which leads to the conclusion that autarchic planning

⁶ Kraval in Obolensky-Ossinsky, Ronin, Gayster, and Kraval, *Social Economic Planning in the U.S.S.R.*, Report of the delegation from the U.S.S.R. to the World Social Economic Congress, reprinted in *World Social Economic Planning*, published by the International Industrial Relations Institute (The Hague 1931), pp. 403, 409-10.

in Russia, despite the huge unused potentialities of the undeveloped country, has not until recently proved very successful in terms of economic welfare. This is not to say, of course, that Russia could not continue and even make considerable headway, once her productive equipment and armaments are completed. The relatively meager results so far are only what one would expect if not blinded by the confusing propaganda.

As to Germany, domestic consumption under the regime of autarchy is shown in Table III (in kilograms per capita).⁷

TABLE III
DOMESTIC CONSUMPTION IN GERMANY

	1928	1936		1928	1936
Bread flour ...	111.0	105.6	Potatoes	173.0	190.0
Sugar	23.3	22.8	Fruits	32.7	30.2
Vegetables	37.5	43.7	Fats	23.7	23.4
Milk	118.0	113.0	Cheese	5.2	6.3
Meat	48.7	47.0	Eggs	7.9	6.6
Beer	86.0	62.0			

Even without regard for the undisputed deterioration of quality, it can be seen that these figures, with the exception of those for cheese and vegetables, reveal a considerable loss in the standard of living; the rise in the consumption of potatoes serves only to accentuate this tendency. Nonetheless it may be important to realize that this loss, serious as it is, is not in proportion to the reduction of imports—44 per cent from 1927 to 1936—and that the domestic production of food-stuffs and fodder rose from 64 to 82 per cent of the demand. Moreover, the Germans may still have a vast reserve of unexhausted productivity ahead of them; the neighboring Danish and Dutch agricultures are even today 20 per cent more pro-

⁷ From Vaso Trivanovitch, *Economic Development of Germany under National Socialism*, National Industrial Conference Board Studies, no. 236 (New York 1937), p. 119.

ductive than the German. Geologically and climatically Denmark and Holland are not different at all from northern Germany, so that their advantage is entirely to be traced to the higher skill of their citizens. The efficiency of the German organizational machinery should be trusted to catch up with them, unless we have reason to believe that it is the essentially democratic organization of Danish and Dutch agricultures, their individualistic co-operatives, that are mainly responsible for the unique standard of their achievements.

It might be argued that sooner or later the rise of agricultural production is bound to raise to an intolerable degree the cost of food and of living, as suggested by Salter's objection to the prohibitive cost of expanding agriculture in England. That this need not be so is suggested, on the other hand, by the Dutch and Danish results of great intensification, and is confirmed, at least partly, by German figures. With 1928 as 100, the German index of the cost of living was 77 in 1933 and 82 in 1937, and in 1937 wholesale prices for foodstuffs were 78 per cent of what they had been in 1928. Wagemann says that between 1933 and 1937 food prices rose 35 per cent for producers and only 9.1 per cent for consumers, the difference being saved on middlemen. Of course an unknown addition to these prices should be made as an allowance for the deterioration of quality. The figures seem to prove, however, that though the cost problem is a handicap on the way to autarchy it need not stop it.

But all attempts at verifying the results and possibilities of autarchy run into another difficulty. If autarchy were the only major change in economic policy we might impute to it what changes in living conditions we find. Autarchy, however, is closely intertwined with a special armament policy, and not by mere coincidence, for the military point of view is decisive for the modern rise of autarchy. And armament, in its present dimensions, cannot fail to deflect means of production from

their civilian use and thereby affect the standard of living. This serves to intensify the effect of autarchy on the standard of living and to make a computation of the results of autarchy alone impossible. The importance of armament in autarchic Germany today needs no documentation. Russia, according to a much noted speech of Stalin's in 1935, had to tighten her belt under the first Five-Year Plan until the desired measure of military preparedness was attained.

Since totalitarian budgets are silent on armaments one might try to ascertain their volume from production statistics. But statistics are no less silent. Both Russia and Germany show a constant rise of the share of producers' goods in total output. In Russia coal and lignites increased from 35.5 million metric tons in 1928 to 122.6 in 1937, pig iron from 3.3 to 14.5, oil from 9.2 to 27.8, cement from 1.9 to 7.8 (revised plan). The German figures appear equally striking, with the following average monthly production indexes (taking 1928 as 100):

	1929	1932	1937
Producers' goods	103.2	45.7	126.0
Consumers' goods	98.5	78.1	102.8

But too many doubts creep in. On the one hand, the share of consumers' goods may be unduly swelled by such items as uniforms and canned food for military storage; these too are armaments. It is very likely that the figures of German food consumption mentioned above require a further deduction on this account. On the other hand, in the figures for producers' goods, both in Germany and in Russia, the share of armament cannot be separated from that of general production goods, which are bound to increase in any industrialization and mechanization process, quite independent of more or less armament. They did so, for example, in prewar Germany, where from 1880 to 1913 consumers' goods increased 210 per cent, but producers' goods 462 per cent.

Armaments, therefore, cannot be statistically isolated, and there is no escape from the uncomfortable truth that what statistics we have give us the combined results of armaments and autarchy, blurred further by the simultaneous mechanization of industry. In other words, the effects of autarchy alone are not capable of statistical verification.⁸

⁸ This essay is an elaboration of the section on autarchy in the author's book, *Communism, Fascism, or Democracy?* (New York 1938).

VII

THE ECONOMIC MEANING OF CONQUEST

By ARTHUR FEILER

I

THE economic interpretation of conquest centers around the thesis that a country must conquer foreign territories in order to alleviate its population pressure, to compensate its lack of raw materials or food, to find an outlet for its products. According to this interpretation territorial expansion in itself means enrichment of the citizens; for their own private advantage they must unite in the battle cry, "We must expand."

It is obvious that such an economic interpretation alone is far too narrow. First of all, it is insufficient for explaining the phenomenon of nationalism, one of the most decisive forces of our age. It neglects the many non-economic incentives for conquest, the lust for power, for glory, honor and prestige, the lust for adventure—all those inducements which Schumpeter in his theory of imperialism describes as aggressiveness as such, expansion for the sake of expansion, fighting for the sake of fighting, domination for the sake of domination. And it also overlooks the important role which is so often played in expansionist propaganda by the special interests of a non-

economic group, the army and the navy, with their aspirations toward social esteem and political predominance at home, best to be attained by victories abroad.

In fact, the economic interpretation misses the military point of view in another respect too, although this aspect is frankly emphasized nowadays by many expansionists. Their reasoning concerning conquest runs parallel to their attempts toward autarchy. For them, the military strength of the state is the central aim. This military strength is to be increased by increasing the population and also, according to the doctrine of the "total war," by enlarging the amount of economic equipment: the state will be so much the stronger, the greater and more diversified is its production, the more numerous and efficient are its agricultural and industrial plants and its means of transportation, and the more voluminous are the stocks on hand of every kind of commodity within its territory, all of which together belong to its "war potential." This school of expansionists is not always quite consistent, as for example, when it uses this argumentation to justify the acquisition of remote colonies by a country to which they would in fact be useless in times of war, because of inadequate sea power to defend them. But such expansionists are not lacking in cleverness when it comes to combining their military aims with the individual fears and hopes of their people—when, to cite an example again, they urge the conquest of an adjacent territory as a means of protection in war, so that this new territory, rather than the mother country itself, will be devastated, if need be, by an invading foreign army. Thus the military and the economic interpreters may easily reiterate the same refrain: "We must expand."

But is it really "we" who are expanding? Obviously not. It is the state that conquers, the state alone. "We, the people"—"we" have to die and starve and pay for the expansion of the state; "we" have to divert our energies from the production

of goods for individual consumption, comfort and cultural values to the production of armaments; "we" have to do the conquering, but the conqueror is the state. This is so complete a truism that the very idea of conquest would be inconceivable without the existence of the state. The city of New York, though seriously overpopulated and utterly lacking domestically produced food and raw materials, does not think of conquering Connecticut or New Jersey. And if the exploited peasants in Italy or Rumania should wake up and seize the large landed properties this would be called not conquest but revolution, just as it was a revolution when in Russia in 1917 bolshevism transferred 350 million acres of arable land from the hands of the czarist family, the state, the church, the big landowners and even the wealthier peasants into the hands of small independent farmers—in fact the greatest agrarian revolution known in Europe, which only a decade later was followed by the collectivization of these small farmers, the second Russian revolution in agriculture.

In short, the state alone can conquer, because conquest is the expansion, by force, of the territory, of the borders of the state. This must be kept constantly in mind in searching the actualities in the economic setting of conquest. What does it mean, economically, that Alsace-Lorraine has for centuries been passed from France to Germany and from Germany to France? What would it mean, economically, if, let us say, Canada should conquer the United States? Sir Norman Angell, in *The Great Illusion*, quotes an English beggar as complaining bitterly that though he owned Australia, Canada, New Zealand, India, Burma and the islands of the Pacific Ocean, he was starving because he could not obtain a crust of bread to appease his hunger. This is our problem. We have to ignore the crude popular slogans and find out the real economic meaning of the changing of state boundaries.

The answer, however, cannot be found by theoretical deduc-

tions alone. We have to see the state as the conqueror, but this conquering state is in each of its social and political manifestations a historical phenomenon. The state changes, and so do the economic implications of its actions. Consequently the economic meaning of state boundaries—the economic meaning of conquests—varies throughout history with the changing political-social conditions. This change is a continuous, often imperceptible process. There are in every historical period residues of the past and germs of the future.

II

The economic meaning of conquest was very simple indeed in older times, from antiquity to the Middle Ages. Every schoolboy, when he learns for the first time the story of the Trojan War or of ancient Rome, is told the formula which still greatly influences popular thinking about this problem: "The men were killed, the women and children were sold into slavery and the land was distributed among the victorious armies." Even then, incidentally, the distribution of the booty among the happy recipients was by no means equalitarian. There were very clear-cut class distinctions among the "we," according to which the attractiveness of the distributed ladies and the value of the other donations were apportioned; otherwise there would have been no *Iliad* and no *Odyssey* and no Homer. But on the whole the formula stands. Within it there were varieties according to the various social structures of the conquering states. Sometimes the men were not killed but were subjected to feudal bondage by the conquerors who took the land. Sometimes the conquered territory as a whole was made tributary to the conquerors: "the Attic Demos," says Max Weber, "lived on war, on the soldiers' pay and the tributes." Indeed, the veterans' bonus can be traced back through a long sequence of antecedents. But in those ancient days the

economic profitability of conquests (not of wars) was real and easy to prove.

This simplicity has been destroyed by the rise of the modern state and modern capitalism. The new political and social order is based on the principles of law, freedom and property. And these principles have revolutionized, among so many other things, the significance of conquest. It follows from them that at the time of conquest everything within the conquered territory (except state property) belongs to someone and remains in the private ownership of the private individuals even after the conquest of their country. There is nothing to be distributed among the conquerors: neither land nor food nor raw materials nor any other privately owned property—and certainly not the people themselves. On the contrary, “in the age of democracy the inhabitants of an annexed territory, at least if they are Europeans or descendants of Europeans, are regularly endowed with all civic rights and are thus entitled to take part in all decisions concerning the affairs of the conquerors in the same way as the latter have a vote in theirs.”¹ This again is a truism, but one often overlooked in the popular discussion of our day. Conquest as such does not mean the transfer of property from the vanquished to the conquerors. Especially, conquest does not in itself afford free land to be settled by the conquerors. There is no free land in an annexed territory if all the land has been settled long ago; there was none in Alsace-Lorraine when France conquered her in 1919, nor in Austria when Germany annexed her in 1938. This is one reason why German expansionists today are talking so much about African colonies but not about reconquering Alsace-Lorraine, or why no European power thinks of conquering Norway or Sweden. The expansionist whose motive or pretext is population pressure does

¹ Walter Sulzbach, *Nationales Gemeinschaftsgefühl und wirtschaftliches Interesse* (Leipzig 1929), p. 82.

not aspire to the conquest of highly civilized, densely populated, wealthy, productive and intelligent countries. Instead he looks for empty spaces with undeveloped natural resources and a thin population of low standing. The difference in the density of population is his only chance.

The situation is much more complicated with regard to the interrelation of conquest and markets. It is mainly in this section of the problem that the economic significance of state boundaries—of the existence of the state as such and of its economic policy—becomes evident. When Germany conquered Sudetenland from Czechoslovakia much was written about the Czech glass manufacturers who had lost their main fuel in the transferal of the lignite deposits to Germany, about the famous Pilsen breweries which had lost their main raw material because the hop farms are located in the now German territory. But what were the realities behind these "losses"? The glass manufacturers had not owned the lignite mines, nor had the breweries possessed the hop farms. Both of them had had to buy those materials, and they will have to buy them still. The real questions are whether they will be allowed to buy and whether they will be able to sell enough in order to obtain the foreign exchange for making the payments. The answer to the first and, to a large extent, also to the second question, depends upon the foreign trade policy of the conquering state. For this policy decides how far a political barrier is also to be an economic barrier, and that is the meaning of conquest with regard to markets.

Even under a system of free trade, when the exchange of goods between different countries is not hampered by state interference, political boundary lines are by no means devoid of economic importance. Even then there is some reality in the slogan that trade follows the flag. The identity of language, law and money within a country, the national organization of railways, highways and other forms of transporta-

tion, the organization of credit and of the methods of capital investment, above all the traditional habits and customs of consumption among the people of one country and the adaptation of the domestic producers to the wishes of the domestic consumers—all these factors play their role in establishing preferences for internal trade and difficulties for foreign competitors. Nevertheless, although these influences exist, their importance must not be overemphasized. The difficulties can be overcome, and they are overcome to a very large extent. There is no monopolization of markets under free trade. The British dominions were equally accessible for goods from all peoples before the Ottawa agreement of 1932. In principle free trade means equality for the sale of imported goods and also for the buying of food and raw materials, without discrimination by political interference. The political boundaries are not trade boundaries under free trade.

But this situation is altered when free trade changes to protectionism, and of course the more so, the higher are the tariff walls. Hence the development of protectionism gives an increased economic significance to conquest—not with regard to land and natural resources, for they remain unchanged in the hands of their owners, but with regard to markets. During the Civil War the northern states were well aware of these economic implications. They knew that it was not only the liberation of the slaves that was at stake. Secession of the South would have deprived the northern industries of their privileged market for the sale of surplus production, and this privileged market they wanted to keep.

Generally speaking, the protectionist aim is to reserve the domestic market primarily for domestic producers. Therefore, under protectionism, national boundaries are also economic boundaries. And territorial expansion of the state (especially if it is expansion into an adjacent territory) is at the same time expansion of the economic territory within which the

domestic exchange of goods, services, capital and men can develop without obstruction while foreign competitors are handicapped by the state's protective measures.

With this direct advantage of conquest under protectionism are combined other indirect ones. Within the enlarged unified territory there is opportunity for enlarged mass production, making it possible to cheapen the costs of production per unit and to improve the industrial and financial organization wherever its efficiency depends upon large-scale enterprises. There is also, with regard to colonies, the possibility of exploitation: the French tariff law of 1892, for instance, obliged the French colonies to admit French imports free of duty, while colonial products were subjected to a customs duty when imported into France. The economic significance of the larger territory is further increased in a situation of currency disturbances, when the automatism of a unified world currency—national currencies having different denominations but interlocked by gold as their common basis—has ceased to function and the transfer of payments has come to be a problem in itself. Then the size of the area is important for the circulation not only of domestic goods but also of domestic money, both secluded from the outer world.

In other words, protectionism increases the economic significance of conquest both from within and from without. A protectionist country finds economic advantages in conquest, far more than does a free-trade country. It is not only, however, from its own protectionism that these advantages are derived, but also from the protectionism of other states. If this protectionism of others makes exports difficult and costly, if the international gold standard breaks down, then it becomes all the more advantageous to find an outlet for domestic production in an enlarged domestic area—to have an increased exchange of goods in the domestic territory as a substitute for the diminished international exchange. The

real problem of the "have-nots" is not that they must buy what they do not themselves produce, but that they must sell in order to buy and to pay, and that this selling is obstructed to a constantly increasing extent by the protectionism of their customers. It is this protectionism of the others which has greatly increased the attractiveness of conquest just as of autarchization.

On the other hand, popular discussion is easily led to look through magnifying glasses at these economic advantages of conquest under protectionism and to overlook their counterparts. In 1913 Germany's trade with her colonies amounted to somewhat less than one half per cent of her total imports and exports. Moreover, for the citizens of the conquering country conquest combined with protectionism means not only market expansion but may also mean increased competition from the conquered territory, whose inhabitants are now suddenly admitted within the conquerors' own tariff walls. It was not with perfect happiness that the French textile manufacturers received their Alsatian colleagues, although in such a case the refined technique of cartelization may help to mitigate the difficulties of the transition. The competition of Korean rice with rice production in Japan proper is another example. And this situation is not restricted to already existing industries in the conquered areas. The conquest of undeveloped territories by protectionist countries is likely to intensify a general tendency that is attracting much attention in present-day discussions, the so-called decolonization or counter-colonization which results from the industrialization of the younger countries and diminishes the advantages of earlier industrialization. The development of French colonies and, still more strikingly, the rapid growth of Manchurian industries through the support of Japanese capital, directly competing with corresponding Japanese industries, are notable illustrations of this trend.

Moreover, even if protectionism increases the economic importance of conquest with regard to markets, it does not provide a solution of the population problem. Here, too, Japan affords a good example. Japan has nearly completely monopolized the Korean market: for 89 per cent of Korean exports and 74 per cent of Korean imports in 1929 Japan was the other partner to the transaction.² But Japan's population pressure has in no way been mitigated by her conquests through a corresponding migration. The Japanese population in Manchuria at the end of 1934 amounted to no more than 76,429 (as against a total Manchurian population of 32.87 million). And in Korea, while the number of Japanese residents rose from 171,543 to 501,867 within the two decades from 1910 to 1930 (compared with a total Korean population of more than 20 million), this Japanese emigration to Korea was to a large extent balanced by a Korean emigration to Japan: in the one decade from 1920 to 1930 Korean residents in Japan increased from 40,755 to 419,009.³

This tremendous influx, which apparently was a development in strict contradiction to Japan's needs and wishes, is only one more illustration of a well-known phenomenon. The migration of Irish workers to England and (before the World War) of Polish coal miners to Westphalia is of exactly the same character. The suppressed (or conquered) areas regularly send their proletarians as cheap workers to the ruling country, because the wages they will obtain there, though meager, mean nevertheless an improvement of their exceedingly low standards of living. This influx may help to depress the wage level in the conquering country and to increase its population

² Hoon K. Lee, *Land Utilization and Rural Economy in Korea* (Chicago 1936), p. 32.

³ Lee, p. 42; Ryoichi Ishii, *Population Pressure and Economic Life in Japan* (London 1937), pp. 207-08; South Manchuria Railway Company, *Fifth Report on Progress in Manchuria to 1936* (July 1936), p. 151.

pressure, which was supposed to have been diminished by conquest.

For the validity of the slogan "We must expand" these incoming workers are not the most convincing proof. The disharmony of interests among the "we"—in this case among employers and employees—is here very clearly evident.

A last point at which the development of the modern state and modern capitalism has changed the economic significance of conquest need only be mentioned. It concerns the interrelation between conquest and tribute. Here again popular thinking is still greatly influenced by the remembrance of earlier times. It is thought that taxes levied on a conquered territory constitute an additional revenue for the conquering state and thus alleviate the tax burdens of its citizens. The error is manifest. Opposite the public revenues from the conquered territory stand the public expenditures in the same region, all the costs of administration, education, public services and the like. And it is entirely a question of facts in the individual case as to which item—the revenues or the expenditures—will surpass the other; the conquered territory may produce a deficit just as well as a surplus. But in all cases conquest is likely to increase the costs of armament, the cost of defending the conqueror's rule against opposition from without or within, especially if the conquered inhabitants belong to a foreign nationality. "All that Manchuria has so far done for the Japanese people as a whole," writes Freda Utley,⁴ "is to increase their burdens by taxation and inflation to pay the cost of 'putting down banditry in Manchuria' which has already cost over a milliard yen. The expenditure on armaments which now swallows up all ordinary revenue and leaves all other expenditure to be met by loans has lowered the standard of life of the people as a whole to near the starvation line."

⁴ "Population and Conquest," in *Pacific Affairs* (March 1937).

III

Everything said so far, however, holds only upon one condition—that the modern capitalistic states, as conquerors, really obey the rules of the game, that the principles of law, freedom and property, on which these states are based, are maintained even in the case of conquest, when a victorious country imposes its will on a defeated one. If these principles are no longer applied, then the economic significance of conquest may once again be transformed, taking on a fourth guise after the primitive, the free trade and the protectionist discussed above. There are many evidences that mankind today is moving forward on this track.

The Treaty of Versailles may be considered the first large-scale announcement of what was ahead. By that treaty, in the territories and colonies abandoned by Germany, state property and property of the former German princes were seized without compensation, either as a special indemnity for France and Belgium or on the account of general German reparation payments. But this was only the beginning of a new principle of expropriation connected with the reparation settlements. "For the first time since there has been modern capitalism," writes M. J. Bonn,⁵ "private property of private citizens of the vanquished states has either not been returned to them or has even been newly confiscated after the end of the war and used for fulfilling the obligations of their government." This must not be misunderstood. Every war indemnity to be paid by a government must of course eventually be paid by the citizens of the state, either by taxes immediately or by loans whose interest and amortization payments are to be met by taxes, or in any other roundabout way which will ultimately lead also to the citizens' purses. There is in the end

⁵ *Das Schicksal des deutschen Kapitalismus* (New ed., Berlin 1930), p. 14.

no distinction between the obligations of a government and the burden they impose on the citizens.

The new principle introduced by the Versailles treaty is to be found in technique. The victors seized the private property of individual German citizens and left to Germany the obligation of compensating them. German private possessions in the abandoned territories, German private investments and goods and rights in the victorious countries, German trading vessels, German currently produced coal, lumber and chemicals—all alike were subjected to this method of expropriation. As regarded the capitalistic concept of private property the victors had only the vindication that in most cases Germany herself had to function as the executioner and indemnify her expropriated citizens. This new technique rather ironically reveals the contradiction between conquest and tribute. The territories that it exploited (and that were exploited by the reparation settlements as a whole) were not the conquered territories but those remaining in the hands of the defeated state. Those inhabitants of Alsace-Lorraine who became Frenchmen were benefited by this procedure in the same way as were the genuine French taxpayers. Had France annexed the whole of Germany she would have annexed also the German bankruptcy. One must not conquer too much if one wants to have tribute too. One cannot eat the cake and have it. To attempt it would be comparable to that other contradiction of asking for tribute and simultaneously raising the tariff so as to exclude those imports of commodities that would be the sole means of making the payments.

But the decisive factor is the new principle involved: non-recognition of the private property of the enemy, combined with the new technique of wholesale expropriation. If further developed this will give an entirely new character to the economic significance of conquest. Prewar protectionism looks almost like free trade in comparison with the present-day

height of tariff walls and the refinement of the many other barriers to foreign imports, and this new principle and its methods reveal a still further change in the political and social atmosphere—the decay of humanitarian restraints and at the same time the immensely developed technique of state interventionism which may be employed for any purpose, even for the promotion of special group interests desirous of exploiting the conquest.

Again Japan may serve as an illustration of what can be attained under these new conditions.⁶ In the problems of conquest Japan, without having invented exactly new methods of her own, is really the docile disciple of all former conquerors, and she excels in the totalitarian use and combination of their various methods and experiences. To begin with, although she does not find an outlet for her population pressure, she at least alleviates the pressure of one particular group of her population by exploiting her conquests. The intellectuals, who everywhere play so important a part in the nationalistic propaganda of the "We must expand" slogan, are thus receiving their reward. Out of 1000 Japanese in Korea no fewer than 352 are government officials and civil servants, and they are better paid than the Koreans. "Only 48 per cent of the total number of official positions are occupied by Koreans and of the total amount of salaries only 22 per cent are received by Koreans." "Doctors and nurses are also largely Japanese and they receive much higher salaries than the Korean."⁷ In this point Japan imitates the policy of the British, who consider their foreign possessions as the training field and the playground for the younger sons of their aristocracy.

But Japan adds methods for the Japanization and subjugation of the Koreans: by the entire school system, by exclu-

⁶ Cf. the books of Lee and Ishii, cited above.

⁷ Lee, pp. 39, 48.

sively teaching the Japanese language but simultaneously restricting college education for the native population. In this regard she far exceeds the prewar Prussian nationality policy toward the Poles, which, illiberal though it was, nevertheless helped the Prussian Poles to rise intellectually and socially. Furthermore, Japanese manufacturing industry is supported by the government and the financial organizations in the erection of branch establishments in Korea. The result is that these establishments "have driven out nearly all of the Korean goods which were produced by cottage and handicrafts methods";⁸ this corresponds to the destruction of rural home industries in European possessions in Africa which was incidental to obtaining the sorely needed hired workers in the mines.

Finally, and most impressively, there is Japan's land policy in Korea and Manchuria. The aim is to put large parts of the conquered soil at the disposal of the conquerors. The methods employed are an assortment of all the many patterns and designs which have been employed or even only discussed elsewhere. During the European colonization of South Africa the new rulers confiscated those diamond and gold fields which were not yet exploited and which were consequently considered not yet privately owned. The Japanese followed this example by their wholesale confiscation of private forest land in Korea. In Africa a poll tax imposed on the natives was frequently used as a means of inducing them to work and to become laborers. In Korea the Japanese used a corresponding method to compel farmers to give up parts of their land and become tenants; contributions were exacted of them for land reclamation and irrigation.

Even the idea of a duty on unearned increment values was made to serve the same purpose of facilitating the seizure of

⁸ Lee, p. 32.

land. In Kiaochow German administrators had developed the idea that the betterment of land values resulting from the services of the administration should accrue not totally to the casual owners of the land but for some part to the community as such, to the growth and improvement of which this betterment was to be attributed. During the World War some brain-trusters of the German General Staff discovered the many-sided usefulness of this idea: they argued that if the Baltic provinces of Russia should be annexed by Germany the big landowners there would enjoy a high unearned increment on the value of their properties (especially as a result of the high German import duties on grain, which would raise the price of their main product). Therefore, they concluded, those big landowners should cede a part of their land as a compensation to the conquering state, which should make use of it by settling German farmers there. But while this remained theory in the case of Germany, the Japanese put it into practice in Korea; when they built roads there, most of the land adjacent to the newly constructed roads was confiscated, and while this has brought forth many complaints among Koreans, their grievances have remained undressed.⁹

The Japanese have imitated another prewar German procedure as practiced by the Prussian Land Settlement Board. This board, endowed with a large capital of 600 million marks, worked for internal colonization in the then Prussian provinces of Posen and western Prussia by buying up—and in the end even expropriating—large private estates and reselling them to small farmers. In Korea the Oriental Development Company and the Funi Industrial Company¹⁰ are functioning for this purpose, as does in Manchuria the South Manchuria Railway Company—large Japanese capitalistic en-

⁹ Lee, p. 38.

¹⁰ Lee, p. 147.

terprises which exercise great political and social power of domination in the conquered territories. They do not colonize the land, however; for the most part they merely keep it. They, with other great capitalists and with the professionals, are the real beneficiaries of these Japanese conquests, the real "we" of Japan's "We must expand."

IV

There we are. The economic significance of conquest can be examined only in relation to underlying historical developments. It varies in accordance with the varying methods employed, in accordance with the continuously changing spiritual and social-political attitudes of the ages. So far it has not been proved in modern times that we must expand for economic reasons, that conquest can solve the problems of population pressure, food, raw materials and markets. Not even in the case of Japan has the economic interpretation of conquest afforded the conclusive explanation. But the historical survey furnishes one very important result. It shows that since the early stages of protectionism the possibilities for the economic exploitation of conquests have been continuously increased—by the growth of economic nationalism and its continuous refinement of methods of isolation, and, with even more revolutionary effects, by the development of ingenious financial techniques under finance capitalism. If these modern techniques are employed in a spirit of denying all individual rights in the conquered territories, so that their inhabitants and their properties fall a prey to the conquerors, who may exploit them without restraint and even under so-called legal forms, then indeed we might reach the paradoxical conclusion that in this field of conquest the latest development of capitalism leads back to the primitive stage of the capitalistic tax farmers and plantation owners of ancient Rome, back to

arbitrary dispossession and displacement, expropriation and evacuation.

Moreover, it is very probable that we have by no means reached the end of this development. As evidence one need but glance at the methods employed today by National Socialism for the expropriation and expulsion of liberals, socialists and Jews. In fact, these methods surpass anything that has been practiced in modern times by conquering states, even by Japan. If we envisage the application of such methods in future conquests—in order to exile the native population and hand over to the victors their properties and their then empty land for arbitrary use without compensation—then we shall indeed reach a new and formerly unknown stage of this problem. For then conquest would mean a plain return to barbarism, but a return achieved with all the refined techniques of modern political and economic means of power.

VIII

THE COSTS OF NATIONAL DEFENSE

By FRITZ LEHMANN

I

ONE who searches for data about the costs of military preparation and action is amply rewarded by figures. These figures cover the costs of war, they indicate the costs of armament in past and present, they yield information about the distribution of expenditures and about the costs which war as a destroyer has inflicted upon mankind. They lend themselves readily to comparisons between different periods and different countries—as long as the trustful reader is unmindful of the abyss of inaccuracy, uncertainty and insoluble dilemmas into which J. M. Clark has directed the searchlight of his penetrating mind.¹

Nevertheless, we cannot afford to disregard these figures, however unreliable they may be, and in presenting them we may as well simulate faith in them and reserve criticism until later.

Estimates of the fiscal costs of war go back to the end of the eighteenth century, to the long-lasting struggles between

¹ J. M. Clark, *The Costs of the World War to the American People* (New Haven 1931).

Napoleon and his numerous enemies. These estimates—gathered from several sources—are assembled in Table I, in which the estimated loss of life in these wars is also reported.²

TABLE I
COSTS OF WARS

		<i>Fiscal Costs</i>	<i>Loss of Life</i>
		(in millions of dollars)	(in thousands)
Napoleonic wars	1790-1815	15,000	2,100
British-American	1812-1814	300	?
Crimean	1853-1855	1,670	785
French-Austrian	1857	290	47
Danish-German	1864	30	3
American Civil War..	1861-1865	8,000	656
Prussian-Austrian	1866	350	45
Franco-Prussian	1870-1871	3,000	280
Russo-Turkish	1877-1879	1,100	35
Spanish-American . . .	1898-1902	800	1
Boer	1899-1902	1,300	10
Russo-Japanese	1904-1905	1,740	160
World War	1914-1918	186,000	13,000

The figure for the fiscal costs of the World War is taken from Bogart,³ who gives the following figures for the net costs of particular countries, after deduction of advances to allies (all in billions of dollars): Germany 37.8; Great Britain 35.3; remainder of British Empire 4.5; France 24.3; United States 22.6; Russia 22.6; Austria-Hungary 20.6; Italy 12.4; all others 6.2.

Little information has been forthcoming about the costs of recent campaigns. Italy has given a figure of 12 billion lira

² Figures taken mostly from B. F. Trueblood, *The Cost of War* (Boston 1907).

³ E. L. Bogart, *Direct and Indirect Costs of the Great World War* (New York 1919), p. 267.

(1 billion dollars) as the cost of her conquest and exploitation of Ethiopia. The Japanese budget has allocated to expenditures for the China war 7.4 billion yen in the two fiscal years 1937-38 and 1938-39, but up to June 15, 1938, no more than 2.4 billion yen (.7 billion dollars) of war loans were issued.

If we omit all caution and compute the costs of war per unit loss of life, and regard this figure as an indicator of the economic intensity of war, we find that the latter has apparently not increased very markedly in recent times. It cost about 7,000 dollars to kill a soldier in the Napoleonic wars, and about twice as much during the World War, when the price level was much higher than it was a hundred years ago. The costs per unit loss of life are, of course, the result of a great number of different factors, such as the frequency of the risk of death and the costs of inflicting death, which in turn are affected by the costliness and efficiency of offensive weapons and defensive measures. The distance of the battlefield from the homeland plays an important role, as does also the customary standard of living, to mention only two more factors among many. An analysis of the economic intensity of war is beyond the scope of this discussion. The only conclusion we may draw here is that the economic impact of war in times past should not be underrated.

The development of armament costs during the forty years preceding the World War is told in Table II, which indicates the expenditures for national defense by the six leading European countries (Russia, Germany, Austria, Great Britain, France and Italy) and the burden per capita of the total population.⁴

The figures indicate that until 1907 the increase of armament expenditures was relatively small, probably not much greater than the increase in average income per capita. In the

⁴ Jean de Bloch, *The Future of War in Its Technical, Economic and Political Relations* (London 1902).

years immediately preceding the World War, however, armament expenditures rose sharply, the burden per capita increasing by 50 per cent in the six years from 1907 to 1913.

For the expenditures on the British army and navy figures are available back to the Napoleonic wars. They amounted to 79 million dollars in 1817, to 129 million in 1857 and to 193 million in 1897. In 1913-14, however, they reached 374 million dollars. The per capita burden amounted to about 4 dollars in 1817, 4.4 in 1857, 4.8 in 1897, but 8.3 in 1913-14.

TABLE II
PREWAR EUROPEAN ARMAMENT COSTS

<i>Year</i>	<i>Total Expenditures</i> (in millions of dollars)	<i>Burden per</i> <i>Capita</i>
1874	563	21
1884	661	22
1896	830	28
1907	1,084	32
1913	1,837	48

After the World War expenditures on national defense settled at a level about 60 per cent above prewar expenditures. When Hitler seized power in Germany and began to rearm at high speed armament expenditures jumped up in almost all countries. The world total for national defense expenditures, which had been 3.8 billion dollars in 1932 and 4 billion in 1933, rose, according to the most recent estimates, to 5 billion in 1934 and 8.8 billion in 1935, reached 13 billion in 1936, 15.5 billion in 1937 and is expected to pass 17.5 billion for 1938.⁵

The major part of the increase is due to the expenditures of Germany and Soviet Russia. Germany's expenditures for national defense (or aggression) are estimated to have risen from

⁵ William T. Stone, "Economic Consequences of Rearmament," *Foreign Policy Reports* (October 1, 1938), p. 159.

300 million dollars in 1933 to 4 billion in 1937 and 4.4 billion in 1938, and the Soviet Union, which allocated to national defense only a little more than 300 million dollars in 1933, spent for this purpose 5 billion in 1937 and 5.4 billion in 1938. Military expenditures in Great Britain and France did not show their first sharp rise until 1936. In 1938 British expenditures were three and a half times as high as they were in 1934. French expenditures "only" doubled between 1934 and 1938, as did military expenditures in Italy.

Absolute figures do not tell much about the burden which armament expenditures place upon the population. Some information is given by the relative weight of such expenditures in total budgetary outlays, which was in 1937 20 per cent in France, 25 per cent in Italy and Czechoslovakia, 30 per cent in England, 38 per cent in Poland, 56 per cent in Japan and around 60 per cent in Germany. A better indication, however, is furnished by the relation of military expenditures to the national income. In 1913 the leading European countries spent 3 to 6 per cent of their national income on their military forces, the United States about 1 per cent. In 1937, however, military expenditures consumed 20 per cent of the national product in Soviet Russia, approximately 15 per cent in Germany, more than 10 per cent in Japan, about 10 per cent in France, 5 per cent in England, but 1.4 per cent in the United States. While in 1928 defense expenditures amounted to only 1 per cent of the annual income of the world, they claimed 5 per cent in 1937. And while only 4 per cent of industrial net production went into armament during the years 1925-29, more than 12 per cent had to be attributed to war preparations in 1937.

The economic impact of war and armament expenditures greatly depends upon the goods or services for which the outlays are made. Back in 1893 the pay of the soldiers and the costs of administration took 25 to 55 per cent of all army

outlays in the great European countries, provisions and uniforms and so on took 30 to 40 per cent, while the expenditures on arms and munitions in the regular budgets did not cover more than 5 to 10 per cent. In 1931 the outlays for pay and maintenance of personnel in army and navy amounted in the leading countries to approximately 50 per cent of total military expenditures, while matériel consumed approximately one third, the rest being spent on transportation and buildings.⁶

The present armament race has rapidly increased that part of total military expenditures which goes into matériel. The British army, which in 1933 was still spending no more than 30 per cent on matériel (arms and supplies), devoted more than 70 per cent in 1938 to arms, munitions, supplies, works and buildings. The air force, which in 1933 spent about 50 per cent of 40 million dollars on matériel and buildings, spent more than 75 per cent (of 360 million dollars) on these items in 1938. While in 1935 salaries and maintenance were still consuming about one half of all military expenditures, two years later they took only 37 per cent.

According to estimates of the Treasury the gross expenditures of the United States for the World War (excluding interest on the war debt and loans to foreign countries) amounted to about 28 billion dollars. Of this almost 20 billion were spent by the War Department and the Navy Department, approximately as follows: 4 billion, or 20 per cent, on pay; 8 billion, or 40 per cent, on divers supplies and provisions; 6 billion, or 30 per cent, on arms, ammunition, battle-ships; 1 billion, or 5 per cent, on construction and buildings.

Most of the 8 billion dollars which was not disbursed by army and navy went to build the emergency fleet (3.3 billion), to cover the costs of federal control of transportation systems

⁶ A. S. J. Baster, "Some Economic Aspects of Rearmament," in *International Labour Review*, vol. 37 (February 1938), p. 183.

(2.3 billion), and to provide the war emergency corporations and the Bureau of War Risk Insurance with their necessary funds (1.6 billion).

The Austrian-Hungarian army and navy during the first three years of the World War spent about 15 per cent on pay and related items, 35 per cent on food, 18 per cent on uniforms and cloth, 5 per cent each on medical care and horses, and only 17 per cent on arms, munitions, battleships and similar items.⁷

These are the figures for the costs of war and armaments which one would like to consider as indisputable facts but which will be found disturbingly deficient in reliability and accurate meaning if subjected to closer investigation.

II

To begin with one of the severest shortcomings, all these figures represent monetary outlays, and such outlays form a reliable basis for comparisons only if the purchasing power of money has been the same through all the years and in all the countries. This, we know, is decidedly not the case. And we know equally well that the adjustment of money figures for changes in purchasing power represents a most intricate problem for which there is no accurate solution.

The problem is particularly involved in the case of fiscal expenditures. Services rendered by the government—in this case for the defense of the country by the armed forces—have no price, are not evaluated by the market. We have to assume that their value is equal to their costs. But the question is how to eliminate changes in costs. To apply the value of domestic currency in the foreign exchange market may be misleading, especially if the value of the currency is artificially regulated.

⁷ Percentages based on W. Winkler, *Die Einkommensverschiebungen in Österreich während des Weltkriegs* (Vienna 1930), p. 259.

For this reason most of the figures concerning armament costs in Soviet Russia are overstated. But deflation by an index number for the costs of living is likewise fallacious.

The stimulating study of Winkler on shifts in income distribution in Austria during the World War presents a good example of the erroneous results that this procedure may lead to. Winkler reaches the surprising conclusion that the real costs of the war to the Austrian people were in 1917-18 only slightly more than a quarter of what they had been in the first year of the war. This conclusion is reached by deflating the monetary war expenditures by means of a cost of living index number based upon the prices of commodities bought in Vienna retail stores. Such an operation, however, yields only the information that the money disbursed for war purposes in 1917-18 had lost three fourths of its power to buy merchandise in retail trade. This does not mean that the purchasing power of the war expenditures for the services of the soldiers, for arms and munitions and for the other needs of army and navy was not fully maintained. What declined was not the real costs of the war but the real value of wages and other incomes.

A second difficulty arises from the fact that military expenditures have different meanings in different countries, and even in the same country they may mean different things at different times. The budgets of the German republic certainly were not accurate in allocating military expenditures to the particular items, and probably did not show the full amount of expenditures on the armed forces. Under Hitler the publication of a budget has been discontinued. The amount of military expenditures can now be only estimated. These estimates are mostly based on guesses as to the increase in public debts and public revenues, and on the assumption that almost all available funds have been spent on military preparation. The figures therefore tend to be more comprehensive than

former budget figures or comparable data for other countries (the Soviet Union, for example, does not include expenditures for the defense industries in her budget appropriation for national defense). The estimates of German expenditures frequently include the costs of certain "public" investments, like highways, which are only partly of a military character. In countries in which war industries are owned and managed by the state, investments in armament factories will be a budgetary expenditure in the year of construction, while in countries with privately owned armament factories only earned depreciation will appear in current outlays.

Another puzzling problem arises from the fact that the costs of war, measured by fiscal expenditures, are not exhausted by the outlays made during the war. For decades after hostilities have ceased interest on war loans and pensions to the war veterans and their families have to be paid. Have all these payments for interest and pensions to be included in order to arrive at the correct figure for total war expenditures? If this were done it would depend upon fiscal policy how much a war has cost. A war financed by taxation would be cheaper than a war financed by loans, and settling the veterans' claims for current pensions by capital payments would also reduce the costs of war. In spite of J. M. Clark's objection it seems to be necessary, in computing these costs, to discount the claims for pensions back to the day when they originated and to neglect interest payments.

Adjustment of fiscal expenditures for changes in the purchasing power of money is difficult, but a common-sense solution is possible. Elimination of interest from the computation of war costs is easy. Discounting claims for pensions is not too complicated. But a correct allocation of expenditures to war and war preparation is beset with extreme difficulties. Some of these difficulties are rooted in the fact that fiscal expenditures are a poor indicator of the costs which the actions

of the government inflict upon the people. Fiscal expenditures for the war are not identical with social costs of the war.

Such an identity would exist if all the sacrifices which a population is asked to make for the purpose of preparing and fighting a war were compensated accurately by fiscal payments, if fiscal payments were only for the compensation of such sacrifices, and if no one obtained advantages from war and war preparation without having to pay the government for them. These conditions certainly are not fulfilled.

First, many sacrifices made by a people at war are not compensated at all. The hardships of life in the trenches, the pain of the wounded, the interruption of family life, the cold and hunger—all the human suffering means uncompensated sacrifices. No figure for war costs tells of these sacrifices—as of course no deduction is made for the pleasure which adventurous life means to a few of the participants in war. More tangible are other sacrifices which war and war preparation impose upon business and household without compensation. Factories for war materials may be compelled to move into better-protected locations, with no compensation from the state for the costs involved. Individuals may be urged to protect themselves and their houses from air attacks, but they have to buy the gas masks, dig the trenches and remodel the top floors of the houses at their own expense.

Second, many sacrifices are compensated inadequately. The state, it is true, maintains the citizen it calls to arms. The soldier is fed and clad, and even a certain money income is paid him. His family may be supported by public means. In some cases, even if he was conscripted, he and his family may be better off than they were before. As a rule, however, the soldier will feel that he is not compensated satisfactorily for the loss of his peacetime job. The veterans' bonus in the United States represented a compensation for unpaid sacrifices of this kind.

For society as a whole the material sacrifice is not completely measured even by the difference between the individual's income in his peacetime occupation and his income as a soldier. If skilled workers are called to arms and are replaced by women, children and aged people, the effort required of these substitutes in producing the same quantity of goods may be much greater than the effort of those who had to give up their jobs. This situation may be called "wasteful substitution." Wasteful substitution is inflicted upon the community also if the government claims the supply of certain commodities for itself, forcing civilian consumption into more expensive substitutes. Wasteful substitution becomes a most important factor in raising war costs, and the costs of war preparation, when a country is cut off or expects to be cut off from the ordinary sources of supply of certain commodities by blockade or by lack of means of payments, and starts to produce these commodities or substitutes at greatly increased costs.

In totalitarian countries there may be a general tendency to alleviate fiscal problems by inducing the citizens to make—more or less voluntarily—uncompensated sacrifices, which other countries can obtain only by paying for them. On the other hand, at the present time the loss through wasteful substitution appears to be far greater in totalitarian than in democratic countries.

Another particularly interesting example of a discrepancy between fiscal expenditures and social costs is the economic loss resulting from death and disability. The economic loss to society caused by the death of a person is determined by the difference between the amount he would have contributed to the social product and the amount he would have consumed, had he remained alive. Since the social value of a human life reaches the maximum at the age of about twenty-five years, it is the economically most valuable part of the

population from which war takes its toll. Even if the state pays pensions to the dependents of those who died in the war, the aggregate of such payments falls short of the actual losses, first, because no pensions are paid in the case of those who die without leaving dependents, and second, because for the most part the pensions that are paid are less than what the dependents would probably have received if the supporter had remained alive. In the case of disability fiscal expenditures may be more in line with the actual losses, for even if compensation is inadequate in numerous cases, in others it may considerably surpass the real loss in earning power.

It may be mentioned that J. M. Clark, who has investigated the losses through death and disability with particular care, arrives at the conclusion that the 170,000 deaths which were caused by the World War among the American people represented an economic loss of 1.3 billion dollars, while the loss through disability, affecting about 260,000 persons, may be "conservatively reckoned" at approximately 3 billion dollars. Disability proves to be costlier than death. The reason is that the dead cease to consume, while the disabled may earn less than they need for support and may therefore become a public mortgage.

While as a rule actual sacrifices thus surpass compensation by the government, there is nevertheless the third case, in which government compensation is greater than the sacrifices. I have already mentioned that some of those who serve with the army become better off than they were before—it is significant that the Italian "volunteers" in the Spanish war come mainly from the poorest districts—and that the pensions of some of the disabled may more than compensate their loss of earning power. More important, however, is the case of war profits, which in the emergency situation of the war must to some extent be granted to war industries as long as such

industries are privately owned and managed. Even if the government succeeds in rewarding the marginal producers with no more than their costs, or in paying for the marginal products no more than the marginal costs, this entails granting large differential profits to the intramarginal producers or on the intramarginal products. No social sacrifices correspond to these profits. If the attempt to take the profits out of war were successful, such a war would not involve lower social costs than one in which the profits had been left.

Sometimes, too, subsidies granted to factories producing war materials may cover more than the costs to be allocated to such production, and may represent virtual gifts. And if "wasteful substitution" and the loss through friction are to be stressed as social costs for which war and rearmament are responsible, we have to acknowledge that by stimulating new inventions and by accelerating technical progress war and war preparation may also be credited with tangible contributions to social welfare.

The whole problem of the costs of national defense appears in a new and different light if the indirect and secondary consequences of outlays for war and rearmament are taken into consideration. Thus in the beginning of the World War not only did the withdrawal of the soldiers from economic life result in a corresponding reduction of production, but also the reduction in income caused a subsequent reduction in output, and increased unemployment in spite of the army's need for manpower. Only later did the huge material requirements of modern warfare make up for this initial shock. In France, which lost some of her main centers of production in the first months of the war, unemployment was reduced only very gradually, production not returning to its prewar level until 1917.

Of greater importance and interest, however, are the stim-

ulating secondary effects to be associated with outlays for national defense. During a major war the drain of manpower for military service makes it impossible for such stimulating effects to attain great proportions, as the expansion of production is restricted by the limited labor supply. Armament expenditures, however, if financed by additional credits or from idle deposits, may be the cause of increasing production and income, provided that unused capacities of manpower, plant and equipment are available and are not fully claimed by the increased armament. It is true that expenditures of a peaceful nature would contribute still more to social welfare. But frequently such expenditures meet with strong objections in capitalist countries, objections which are not always raised if the expenditures are made for the defense of the nation.

The favorable effects of a major war will appear when the war is ended. Then war, the destroyer of wealth, reveals its role as an initiator and stimulator of increased production. During wartime not much will be added to the capital stock of the nation; replacements of building and equipment will be postponed; the stocks of commodities will be depleted; on the battlefields homes and factories, even the surface of the soil, may be virtually destroyed. Thus a huge "investment backlog" will be created which may support industrial activity for some time after the end of hostilities.

Those economists who are concerned about sufficient opportunities for investment in the later stages of capitalist development are inclined to view this "investment backlog" as a favorable factor. One should not fail to realize, however, that the booms stimulated by war and rearmament may in turn generate reactions. Thus if the World War is credited with some major or minor share in the protracted postwar prosperity of 1922 to 1929, it must be charged too with part of the costs of the world-wide depression. These aspects of the eco-

nomics of war and armament are dealt with elsewhere in this volume in greater detail.⁸

III

The discussion of the divergences between fiscal expenditures and social costs has already given some hints at what social costs are finally composed of. An insight into the nature of these costs is indispensable for an understanding of the limitations confronting the expansion of the costs of wars and war preparations.⁹

The social costs of warfare and war preparation consist of the decline in consumable output, the increase in the efforts of the population, the reduction in new investments for peacetime purposes and the consumption of existing wealth. One might classify the first three items as the current costs of war in contradistinction to the last item, the capital costs of war. But in doing this one must not overlook the fact that reduced consumption and increased efforts, if driven beyond a certain point, may and will seriously impair the people's future capacity to work, and will thus reduce one item of national wealth which for good reasons cannot very well be included in numerical estimates.

A certain degree of rearmament or a minor war can be carried on without impairing considerably the standard of consumption or the growth of capital stock. A major war or intensive armament, however, will necessarily affect the output of consumers' goods and will most certainly retard the increase of the nation's capital stock. At the same time, children, women and aged people will be called to work, and every worker will be squeezed for a maximal effort. During the World War reserve labor made it possible in many coun-

⁸ Cf. Chapter XI, "War Expenditures and Economic Balance."

⁹ Cf. A. C. Pigou, *The Political Economy of War* (London 1921).

tries to keep output at the prewar level in spite of the withdrawal of so many men for military service.

Wars, and to a lesser extent armaments, may draw upon the capital of a nation in several ways. Deficits in the balance of trade, arising from impaired exports or increased imports, have to be met by gold exports, by a reduction in foreign balances, by the sale of foreign securities or by external loans. But the domestic capital stock may be depleted too. Commodity stocks may be used up. Natural resources may be exhausted, or the exhaustion of natural resources may be accelerated. The German forests still show the consequences of the heavy cuts during the war years, and now again the needs of armament force an increase in the cuts to 50 per cent above normal. The exploitation may even extend to the soil through failure of adequate fertilization. Because nitrogen was needed for the production of explosives, the crops in Germany not only fell by about 20 per cent during the World War but remained at the reduced level for five more years after the end of hostilities. Here the loss was far in excess of the savings by decreased fertilization.

Moreover, war requirements make it impossible to maintain the stock of durable goods in perfect condition or to replace outworn and obsolete goods. If it be remembered that in the United States about 20 per cent of the industrial output is at present claimed by the maintenance and replacement of durable goods, the potential importance of this factor will be clear. Subsequently, however, the delay of replacements makes it possible to install the most modern equipment and thus to reduce the loss from obsolescence.

About the relative importance of these different drains on national capital and national income very little of a general nature can be said. It appears that during the World War the United States was the only major belligerent nation which was able to avoid drawing upon its national capital; increased

efforts and reduced consumption were there sufficient to provide for the war's requirements. Great Britain and France were able to supplement their own efforts by the contributions of the world economy. But the central European powers, cut off from the world markets, were forced to exhaust their domestic capital stock besides reducing consumption even below the minimum of existence and exploiting to the extreme limits their populations' capacity to work.

Modern war tends to exhaust completely the potentialities of the economic system. Since these potentialities are finally limited by the supply of productive factors and, although less rigidly, by the level to which civilian consumption can be reduced, further expansion of war expenditures is possible only by anticipation.

Thus everything that may be needed in wartime, but can be provided in peacetime, is actually provided in peacetime. Very elaborate defense systems are constructed to take care of the most unfortunate eventualities. Protection of the civilian population from air attacks is developed in all detail. Ways of transportation for the armed forces are built. All plant and equipment necessary to produce arms and munitions are provided. Factories are constructed for the production of raw materials the importation of which will be impossible or uncertain in wartime, and huge stocks of those commodities are accumulated which cannot be produced in the country or cannot be produced in sufficient quantities.

The accumulation of "war capital" extends also to the means of warfare themselves—airplanes, arms and munitions. Although some of such supplies are likely to become rapidly obsolete, it is extremely dangerous for a country to rely too much on its capacity to produce them when needed, because the superiority of the foe at the outset of the war might do irreparable harm. The political profitability of "war capital"

was impressively demonstrated in the events surrounding the Munich agreement in the fall of 1938.

IV

At first glance it may appear that tracing back the costs of national defense to their ultimate sources yields the answer to the question as to who bears the burden of these costs. Do we not simply have to inquire who had to reduce his consumption, who had to increase his efforts, whose capital was depleted, in order to determine the incidence of the costs of war?

Such inquiries are certainly indispensable but they would be sufficient only if all expenditures were financed on a pay-as-you-go basis. If debts are incurred, however, the distribution of the burden is postponed. The final outcome then depends not only upon the ways in which the government raises the revenues necessary for servicing the public debt, but also upon the fate of the currency. Changes in the purchasing power of money, inflations as well as deflations, may completely upset the distribution of the costs.

As to the distribution of war costs between capital and labor, capital is in an advantageous position. Since profits are consumed to a smaller extent than wages, the reduction in consumption necessary in times of war, and also during periods of intensive armament, hits the workers more than the capitalists, even if the relation between money wages and money profits does not change. Moreover, the workers have no claim to any compensation for the excessive strain they had to undergo, while the right of capital to restitution for depletion and depreciation is acknowledged. Only if the value of money is permanently reduced will the privileged position of capital disappear, while a reduction of the price level after a war may mean a special bounty to those who had been

forced in wartime to increase their holdings of bonds or deposits.

In order to determine the contribution of capital we probably can do no better than study the changes in the budget and in the distribution of incomes. A. L. Bowley, the renowned English statistician, has shown that the increase in British fiscal expenditures for servicing the war debt and for paying the war pensions was 70 per cent taken care of by an increase in revenues from higher income and estate tax rates.¹⁰ Bowley found, moreover, that the number of persons with large incomes somewhat decreased between 1913 and 1924-25, if the income classes are adjusted for changes in the purchasing power of money. While there were 32,500 taxpayers in 1913 who showed an income of more than 3000 pounds, there were in 1924-25 only 24,000 who had incomes of more than 5400 pounds, which was then the equivalent in purchasing power of 3000 pounds in 1913-14. If income and surtax payments are deducted there were about 30,000 persons with a net "disposable" income of 3000 pounds in 1913, but only 13,700 with a net disposable income of 5400 pounds in 1924. And while there were 260 individuals in 1913 who had a net income above 50,000 pounds, there were only 60 who had a net income of more than 90,000 pounds in 1924. These figures leave little doubt that a considerable part of the burden of war expenditures was placed upon the strong shoulders of the wealthiest class.

In countries like Germany, where inflation exerted the dominant influence upon the distribution of the war costs, the deterioration in the situation of the propertied class was still more accentuated. While 44,000 individuals with an income of more than 30,500 marks received in 1913 somewhat

¹⁰ A. L. Bowley, *Some Economic Consequences of the Great War* (London 1930).

more than 10 per cent of all incomes, 17,000 individuals with an income of more than 50,000 marks (the postwar equivalent of 30,500 marks in 1913) received only $3\frac{1}{2}$ per cent of all incomes in 1928, the peak of the post-inflation prosperity. And this comparison makes no allowance for the greatly increased burden of income taxation.

The incidence upon the different strata of the population is of course very inadequately represented by these statistical data. While English taxation merely weakened the economic position of the wealthiest groups of society, German inflation actually destroyed the material basis of the rentier class, poor or rich, who lived upon the returns of their savings.

That it is the working population which pays at present for Germany's rearmament has been successfully demonstrated by Lederer.¹¹ The increased efforts of the workers are not rewarded by increased real income, and the situation of most of the salaried employees has apparently even deteriorated. Improved conditions for those who were formerly unemployed offset these sacrifices to some extent. On the other hand, profits have markedly increased. Corporate profits amounted to roughly 1 billion marks in 1937 as against 0.2 billion in 1933 and 1.3 billion in 1928. Since the practice of establishing secret reserves is widely used in Germany, published profits are a wholly unreliable index of actual profits. On the basis of the revenues derived from the taxation of corporate incomes it has been computed that corporate profits in 1937 were 50 per cent higher than in 1928, or 30 per cent if the increase in the tax burden is taken into account. But this comparison does not make allowance for a number of large, more or less voluntary, contributions which were raised from business and which have reduced to an unknown extent the amount of profits.

¹¹ Emil Lederer, "Who Pays for German Armament?" in *Social Research*, vol. 5 (February 1938), p. 70.

To determine the real costs of national defense—that is, to compute the amount by which the wealth and income of the nations would have been greater if war preparation and war had not intervened—is a task beyond the statistician's capacity, even beyond the economist's imagination. For as J. M. Clark wisely remarks in the final summary of his *Costs of the World War to the American People*: "It is impossible to canvass all the effects of the War, and still more impossible to assess their worth and weight. . . . Perhaps all we can be sure of is that nothing has remained untouched by the War. Everything that has happened has happened differently because of it."

IX

WAR FINANCE

By GERHARD COLM

I

IT HAS become a kind of tradition to start a discussion on war finance with the story ascribed by some to Marshal Trivulzio, by others to General Montecucculi. When asked what was necessary to win a war the Marshal, or General, answered: three things are necessary; first, money; second, money; and third, money. The great importance of war finance remained unchallenged from the sixteenth century till recently, when the opinion developed that the problems of war economics overshadow the problems of war finance. As Ernst Wagemann, president of the German Institute for Business Research, has put it: "The cabinet wars of the eighteenth century and also the wars of the nineteenth century affected the economy but little. The only serious problem at that time was war finance. . . . *Today the questions of war finance worry us least.* The more difficult, however, have become the organizational questions of war economics, the supply of managerial and manual labor, of raw materials and other products."¹

¹ Ernst Wagemann, *Wirtschaftspolitische Strategie* (Hamburg 1937), p. 160 (italics mine).

Once before there was a time when the problem of war finance receded into the background. This was when the money economy declined after the breakdown of the Roman Empire. Under the old Teutonic organization of tribes money expenditures played only a secondary role. Later the feudal system, on the basis of a natural peasants' economy, solved the problem of creating an expensively equipped and highly trained army which was able to meet the onslaught of the nomads. With the decay of the feudal order and the rise of municipal and territorial powers the mercenary armies first supplemented then superseded the army of knights. This was the time when war finance again became a problem of predominant importance. War finance and public finance became almost synonymous. This development was made possible by the spread of the money economy from the cities, and it served in turn as the main factor accelerating the expansion of the money economy.²

The rise of democracy brought the transition from mercenary armies to conscript armies, but this certainly did not diminish the importance of war finance. Quite the contrary. The principle of compulsory service brought a transition from armies of limited size to the modern mass armies, and thereby tremendously increased the demand for food, equipment and weapons and consequently the monetary costs. Every advance in the science and technique of war increased the costs of warfare and thereby increased the importance of war finance.

Two different arguments may lead to the conclusion that in our times the problems of war finance have again diminished in importance. One is the argument that we are returning to a type of natural war economy, in which not only are men drafted for service in a conscript army but also both men and women are drafted for the production of war materials

² Cf. the article "War Finance" in *Encyclopaedia of the Social Sciences*, vol. 15, p. 347.

In such an economy it may be possible to keep the monetary expenses for the war low, and the raising of money may no longer be the main concern. The other argument is that although a future war may still require huge amounts of money, the raising of money is no longer so difficult as it used to be. This seems to be the opinion of Wagemann, who, in the context of the statement quoted above, refers to "the sovereignty of the state in the creation of money." Both these arguments should be examined if we are to determine what the real importance of war finance is in our times.

It is quite possible that in a future major war not only will soldiers be drafted for military service but also other men and women will be drafted for industrial service in the production of war materials. This was done by some countries during the World War, and some countries have already, during peacetimes, provided for such an organization. A modern war necessarily creates a scarcity of men and products. To assure the greatest possible supply of manpower, and to prevent the soaring of wages, prices and profits, a regulated economy will be inevitable. Compulsory industrial service has become one method for such a regulation. Nationalization of war industries is another method, eliminating profits in war industries and keeping costs down.

Yet these methods will solve the problem of war finance as little as it was solved by the introduction of conscript armies. The soldiers, even if they do not draw a salary, must receive a remuneration for their families. The workers, even if they are prevented from gaining from the scarcity of men, will receive a wage for making their living. The managers of war industries will receive salaries, even if these industries are nationalized. The reduction in costs which might be possible through limiting wage increases or profits will be more than compensated by the tremendous costs which are implied in the technique of modern warfare. It is idle to make any

guesses as to the probable costs of future wars, but it seems safe to assume that a future major war will cost a nation exactly the *maximum amount which by any available means can be extracted from the population*.

The return from a money economy to a natural economy would result in many further problems and would involve a great loss in economic efficiency. This cannot be expected as the goal of a deliberate policy; it may happen only as the result of a complete breakdown of the market mechanism, as happened for instance in the period of war communism in Russia. Such a catastrophe cannot be regarded as a "solution" of the problem of war finance.

Is the other argument convincing that though a modern war may require a tremendous amount of money the raising of the money is no longer a major problem in the period of "the sovereignty of the state in the creation of money"? An attempt to answer this question requires an analysis of the relation between the tasks of economic and fiscal policy which a government must face in a future war of major size.

II

The task of a government's economic policy in wartime is to maximize the economic "war potential." The latter can be defined as the amount of productive forces—manpower, raw materials and productive facilities—which can be put to use for the production of war materials in the broadest sense of the word. This policy has a domestic and an international aspect, but it is only the former that concerns us here. The international factors determining the war potential depend on the restrictions which are put on international trade and payments in the case of war, and on the extent to which a country can exploit the economic resources of other countries and territories either by alliance or by compulsion.

The following scheme may illustrate the domestic factors which determine the economic war potential.

1. National product in a peacetime year
2. + production of domestic "productive reserves"
3. + postponable replacements in housing and business
4. — reduced efficiency resulting from frictions =
5. Gross product available ($1 + 2 + 3 - 4$)
6. — consumption of civilian population
7. — unpostponable new investments
8. — costs of civilian government functions
9. — potential production of employables drafted for military service =
10. Economic war potential ($5 - 6 - 7 - 8 - 9$).

An estimate of these factors in figures is impossible, not only because of the neglected international relations but also because the actual amounts depend largely on the internal political and psychological situation.

The productive reserves (2) which may increase the economic war potential beyond the extent of peacetime production are constituted partly by old people, rentiers, women and children who are not employed in peacetime. Also, the average unemployment may be reduced, working hours may be prolonged, the intensity of work may be increased. It depends on the whole internal political and psychological situation to what degree these various reserves can be used to increase employment and the intensity of work. It would be possible only to estimate the maximum number of such productive reserves which would be available.

Also in regard to the next item, postponable replacements (3), the best that could be done would be to measure the maximum amount. It is possible during wartime to defer repairs and replacements in housing, factories, roads and the like, in order to release productive forces for an increased

production for war purposes. How far this can go depends on how long the population is ready to live in deteriorating houses and how long the necessary production can continue on farms and in plants without adequate repairs and replacements.

Against these items increasing the peacetime national product must be counted as a minus item the reduced efficiency (4) which may result from frictions in the war economy. The size of this item depends, of course, on the efficiency of the bureaucracy and on the peacetime preparation of the war organization. It depends mainly, however, on psychological factors. These frictions can be reduced if the population shows a spirit of enthusiastic co-operation; they can be substantially increased, on the other hand, by a political opposition which organizes acts of sabotage or passive resistance. Health and nutrition are also factors conditioning the efficiency of labor.

From the total available gross product must be deducted those amounts which are necessary at all times for carrying on production, whether it be in peace or in war. To this category belong the consumption of the civilian population (6), unpostponable investments in houses, farms and factories (7) and the costs of the civilian government functions (8). There must be deducted finally the production of those employables engaged in military service (9) who would otherwise have added to the production of goods or services. The remainder may be called the economic war potential—the productive forces which may be used for the production of food, clothing and weapons for war purposes.

It is the task of economic policy in wartime to make the fullest use of the productive reserves and to minimize the deductions without impairing the economic basis for the war activities. In a monetary economy war finance is the most important means by which the economic war potential is put at the disposal of the government. The purpose of war

finance, however, is not only to collect the money necessary for conducting the war, but to collect it in such a way that the economic war potential will become as large as possible: it has to make certain that the greatest use will be made of the productive reserves, that postponable replacements and investments will be prevented and that unnecessary consumption will be restricted.

Thus war finance has not a diminished importance in our days. Today it is only more closely related to war economics than in former times. The methods applied in war finance will not follow any autonomous principles of public finance but will be subordinated to the goals of a general economic war policy.

III

Wars are financed to a great extent by borrowing, but almost everywhere peacetime discussions recommend taxation as the only "sound" method of war finance. This was the prevailing opinion of economists after the Napoleonic wars; it was the opinion expressed when the United States entered the World War;³ it is the prevailing opinion in the present discussion of financing future wars.⁴

On the basis of John Maurice Clark's estimates⁵ we can assume that in the World War one third of the war costs of the United States were offset by an increase in production

³ In 1917 the economic faculties of forty-seven American universities presented a petition to Congress urging that the war be financed by taxation and not by bond issue.

⁴ Cf., for instance, John T. Flynn, "An Approach to the Problem of War Finance," in *American Academy of Political and Social Science, Annals*, vol. 183, ed. by P. Studenski (January 1936); and P. Studenski, "Who Should Pay for the Next War?" in *Taxation and Public Policy*, ed. by P. Studenski (New York 1936).

⁵ *The Costs of the World War to the American People* (New Haven 1931).

ue to the war boom. This boom resulted at least partly from the method of financing war expenses by bond issue. If the United States, following the advice of most economists, had financed the war by taxes alone, the financial burden, expressed in percentages of the national income, would have been substantially heavier.

Financing by credit expansion is a means of putting the "productive reserves" into service. If this stimulus is not used until employment of every available employable person can be achieved only by a wholesale regimentation of the labor force. Especially in the first period of a war the use of credit expansion for war finance is the quickest and least harmful device for increasing the war potential. This does not mean, of course, that inflation should be regarded as the best method of war finance. Inflation in the end undermines its own basis. As soon as the productive reserves are put to use, further credit expansion must be stopped.

Then it is time to finance further expenditures by absorbing savings. This again is a method by which, without wholesale regimentation, private investments can be curtailed and the economic war potential increased. Even if private investments are regulated in wartime, their restriction can be more easily enforced if private capital is sufficiently scarce to assure its availability only for the most urgent private investments, such as they in housing or farms or business.

Therefore the task of financing a war in such a way that the economic war potential will be as large as possible makes it necessary that a part of the costs be met by borrowing; this borrowing will consist partly of credit expansion, partly of the absorption of private savings.

It is not intended to suggest that a war should be financed by borrowing alone. On the contrary, in view of these economic criteria taxation is of vital importance in the whole of war finance. There is a very simple reason why a major

war requires financing by taxation as well as by borrowing: more money can be extracted from the economy by using both methods of financing than by using one alone. Moreover, since the administrative difficulties in meeting war costs by loans are less than those of very high taxation, a country in wartime will try not to exhaust too quickly the possibilities of borrowing up to the limit and will therefore use taxation prevailingly, especially in the first period of the war. The higher the portion of war costs which is met by taxes the stronger will be the country's fiscal position. The maintenance of certain fiscal reserves all through the war is desirable in order that a country may not lose the peace, even if it wins the war.

Taxation as a method of war finance is essential also from social and psychological points of view. If the free market economy is not entirely eliminated and replaced by nationalized production and distribution, war profits of various kinds will exist, especially if a war boom has been created by credit expansion. But nothing undermines morale so much as the knowledge that the war, which imposes the greatest sacrifices on the masses of the population, is being seized by a few as an opportunity to become rich.

Taxation is necessitated as a method of war financing not only by these fiscal and social reasons but also by the very purposes of economic war policy. As was mentioned above, all private investments that are not vitally necessary must be prevented during wartime and a scarcity of capital may help to restrict such investments. A scarcity in the supply of private capital can be achieved not only by absorbing savings for war loans but also by restricting savings through a progressive income tax. High progressive taxes will curtail also the consumption of luxuries, thereby unleashing productive factors from lines of business which cannot be regarded as life necessities. High corporation taxes will curtail the reinvestment of profits and may even restrict repairs and replacements of

lesser importance. In this way too taxation will help to increase the war potential, by setting free productive forces which may become available for war purposes.

But important as individual and corporate income taxes are for war finance, their productivity should not be over-rated. It may be right to emphasize that "there should be no profits left in a future war," yet it must also be emphasized that in the future the costs of a major war will far surpass the tax yield which might be derived even from a 100 per cent war profits tax and from drastic taxation of excess corporate profits.

If credit expansion during the war should make for a substantial rise in the price level, even a general sales tax might be a feasible device. In a period of an increasing price level and not proportionally increasing wages, salaries and other costs, a sales tax is the crudest but also the most expedient means of absorbing inflationary gains and thus checking an inflationary development. To those who regard it as a dogma that in all circumstances a general sales tax will be shifted to prices this statement must sound absurd. It must be considered, however, that an inflationary movement can be checked if expenditures are financed by taxes instead of by additional credit. It is necessary to make use of credit expansion for war finance, but this also makes it necessary to provide for a quick brake which can be used as soon as the credit expansion turns into an inflationary movement. For such a purpose the sales tax is probably better fit than any other tax, for although the yield of most taxes, especially of income taxes, can be increased only after a substantial lapse of time, the sales-tax yield can be increased very quickly. Some of the objections to the sales tax in its crudest form can be met by certain refinements which cannot be discussed in this limited space.

It could be asked whether the relative size of the govern-

mental debt in peacetime must be regarded as a factor affecting the fiscal war potential. There are countries (Great Britain) which are still carrying the huge debt incurred during the World War, countries (the United States) which contracted a large debt in the fight against the depression, countries which have piled up debts in order to finance their large rearmament programs. Thus the fiscal conditions today look quite different from the fiscal conditions before 1914. How does this affect the prospects of financing a future war?

This question leads to the problem of the economic effects of an internal public debt. A high internal debt compels a country to transfer a large part of the tax yield to the government bondholders. This involves a transfer of purchasing power and does not absorb the productive forces of a country. Yet if high indebtedness has entailed high tax rates and a tapping of all possible tax sources it is very difficult to find and enact additional taxes for war finance. This, however, is more a fiscal than a general economic problem; it is the fiscal and not the economic war potential that is limited. Therefore it may be possible to solve the problem by fiscal measures.

For example, it may be possible for a country with a high internal public debt to provide during peacetime for a general, non-recurring capital levy to be put in effect at the beginning of a war. The proceeds of such a capital levy could be used for an extraordinary debt redemption, and this would release, for the purpose of war finance, tax revenue which was hitherto used for debt service. It must be kept in mind, however, that the current tax revenue would be reduced to a certain extent, unless the whole public debt which was to be paid off in such a way consisted of tax-exempt securities. The great economic and technical difficulties of a capital levy are well known and need not be discussed here. The question is whether an extraordinary debt redemption through an extraor-

dinary capital levy might present fewer difficulties than imposing a system of war taxation on top of an already high tax level. In Germany it has even been proposed to impose a general property levy regularly each twentieth year for the purpose of debt reduction.⁶

It may be ventured as a general conclusion that a country which prepares for war by putting into use a great portion of its economic and fiscal reserves during peacetime will attempt, when war comes, to strike as quickly as possible; and it will try to avoid wars which seem to offer no chance of a quick victory, for a longer struggle would permit other countries to catch up with it in the development of economic and fiscal potentialities.

Germany is the most extreme example of a country which, with dictatorial authority, prepares for war by tapping its reserves to the utmost during peacetime. Her "productive reserves" have been so exploited that a further credit expansion would lead not to a further increase in production but to an inflationary increase in prices. A semi-official publication of the German government declared in July 1938, "... now under conditions of full employment financing by anticipatory credit must stop and public finance must be shifted to the two sources of increase in taxation and absorption of savings by loans."⁷ Thus the real modern war chest, the fiscal and economic reserve which makes it possible to use credit expansion to finance the first great increase in expenditures at the beginning of the war, has already been put into use in Germany for war preparation. Moreover, investments and replacements in lines of business which are not regarded as vital for armament have already been postponed

⁶ Richard Thoma, *Die Staatsfinanzen in der Volksgemeinwirtschaft* (Tübingen 1937).

⁷ Reichskreditgesellschaft, *Deutschlands wirtschaftliche Entwicklung, im ersten Halbjahr 1938* (July 1938).

to such a degree that this reserve too is smaller than it is in other countries.

Another factor which provides an economic and fiscal reserve of great importance is a high standard of living. The consumption in calories per capita fell in Germany during the World War to a low of about 17 per cent below the peacetime level.⁸ There is no complete information available for the present time, but the statistics for 1937 show, in comparison with 1929, such a reduced per capita consumption that the augmented use of fish and a few other products of relatively low quality was no compensation. The statistics are not complete enough for calculating the consumption in terms of calories, especially since it is difficult to measure the decrease in the quality of certain goods. On the basis of the statistics that are available, however, it can be guessed that the per capita calorie consumption decreased between 5 and 10 per cent from 1929 to 1937-38. Therefore this reserve too has already been tapped to such an extent by war preparation that a further reduction, although still possible, is seriously limited.

Therefore Germany cannot increase her present national product to the same degree as other countries can in case of war. On the other hand, the German war organization is so far advanced that the worst of the confusions attendant on this development may be already overcome—a great advantage over other countries which must still build up their war economy. It must be considered also that by her policy of putting economic reserves into early use Germany has to a large extent fulfilled the actual purpose for which a war "potential" exists; that is, by exhausting her reserves she has converted her economic war potential into actual means of warfare—war materials, fortifications, airports and the like.

⁸ Wagemann, p. 140.

It is probable, however, that the frictions due to political opposition and to physical and psychological exhaustion will appear earlier in such a country than in democratic countries.

Thus, in view of the fact that some countries have already made use of their productive reserves for war preparation, and that most countries have a level of indebtedness and of taxation far above the level of prewar times, it is obvious that war finance—far from having a diminished importance today—must be regarded as one of the crucial factors determining the relative strength of various nations and controlling international political strategy.

X

WAR ECONOMICS

By EMIL LEDERER

I

WAR economics always reaches into peacetime measures, though the public is not always aware of it. As long as war exists as a possible resort of national policy the state must be prepared for it. Many of the state's preparatory measures are "invisible," that is, their military character is not distinguishable from their non-military usefulness. In the system of communication, for example, military considerations often play an important role. Roads, bridges, railways—at least in European countries—are built and maintained with an eye to their military value. The war ministry has a voice in their construction and in the choice of the territory they are to serve; frequently railways and roads are built primarily for strategic rather than economic reasons. And similarly in shipping, agriculture, industry, policies which serve military ends are often indistinguishable from those that serve the everyday interests of peace: subsidies for shipping, duties on food in order to stimulate home production, the general activity of the state in building up an industrial system.

But the character of war today necessitates far more ex-

tensive preparations than those provided by measures which are more or less incidental to other purposes. Before the World War only military mobilization and the utilization of the transportation system were specifically planned far ahead. Economic mobilization had to be gradually worked out during the course of the war. Today nothing can be left to chance, and therefore as far as possible everything is or will be prepared at the moment war breaks out.

The extent and nature of this peacetime preparation for war are necessarily dependent on the character of the economic and political system, and also, of course, on the wealth of the nation. The plans are the more extensive the smaller the chances that the country can stand a long war. It is primarily in totalitarian countries, which are the least able to endure a long-drawn-out conflict, that the peacetime organization of the entire economic system has proceeded farthest. Not only their need but also their totalitarian power itself leads to measures more far-reaching than in other nations.

In Soviet Russia the procedure of war preparation has been complicated by the simultaneous need to build up a modern economic system. In any case, however, the procedure of organizing the economy for war is more direct and obvious under conditions of outright socialization than it is in countries which preserve, in whole or in part, the operation of a free market economy. Therefore in considering the nations which have gone farthest in developing a war economy in peacetime it is clearly the other totalitarian states, in which certain elements of market economy have been preserved, that offer the basis for conclusions of wider applicability.

In such countries the dedication of the economy to the needs of war preparation entails the utmost state intervention. In Japan the existence of the large semi-public trusts, which are so characteristic of private industry there, facilitates the effec-

tive exercise of state control; much of private industry looks to the state as its main customer.

All totalitarian states are faced with the fact that it is only by controlling wages, prices and capital investments, by keeping the standard of living on a very low level, that the entire economy can be geared to the demands of war preparation. In so far as taxes on property do not lead to reduced consumption they will increase prices and thus this measure is applicable only within narrow limits. If it is desired to concentrate the nation's efforts on preparation for war it is necessary to reduce consumption. There are various ways of doing this: wages and salaries can be deliberately reduced, or kept on a very low level; investments can be licensed, in order to free capital which will be lent to the state; the use of certain raw materials for private consumption—especially of imported raw materials—can be restricted; certain types of consumption can be rationed or temporarily suspended; the use of certain materials that are abundant can be prescribed in order to save others that are scarce (the substitution of potatoes for bread); the production of substitutes can be subsidized and their consumption enforced. In Japan the restriction of wages and therefore of consumption is aided by conditions on the labor market, the mechanization of industry and the crisis in agriculture, in coincidence with a great increase of population.

The low level of consumption practically eliminates the demand for capital for private production, and in addition the state exercises a strict control over investment; thus it can successfully float loans to finance its war efforts. In order to guarantee the necessary imports of raw materials the state rigidly controls exchange and foreign trade; a certain degree of price regulation and supervision of markets is also necessary.

Thus, without increasing taxation to staggering levels, a

considerable proportion of the national income can be canalized for war production. If wages and salaries, constituting, say, one half of the national income, are kept only 15 per cent below the "normal" level, and if two thirds of the resultant "savings" are canalized into state revenues, 5 per cent of the national dividend is put at the disposal of the state without increasing the real burden of production. In view of the fact that Great Britain decided to spend 324 million pounds for armaments in 1938-39, or about 7 per cent of her national dividend, the "efficiency" of such a system is obvious.

The existence of such measures in totalitarian countries suggests a development—piecemeal perhaps, but unmistakable—toward an integrated planned system. Such an integration is necessary for all countries, in greater or smaller degree, when war is actually being waged. It is merely the inescapable result of the fact that capitalistic "freedom" is incompatible with the demands of war. But in the totalitarian countries the state intervention which is necessary everywhere during the conduct of a war has been incorporated into the economy of peace.

Capitalist states, with a free market economy, are more limited in their direct preparation for war during peacetime. There are several ways, however, in which such governments too can prepare the way for future military needs.

In the first place, capitalist states can accumulate reserves for war use. In earlier times governments built up war chests, and though this is no longer practicable the same idea of accumulation is practiced today in the building up of gold reserves and in the storing of large stocks of raw materials and food.¹ Great Britain, for example, has recently enacted a special law empowering the government to buy and store food.

¹ Cf. J. M. Keynes, "The Policy of Government Storage of Food-Stuffs and Raw Materials," in *Economic Journal* (September 1938), pp. 449-60.

The danger that vital supplies will be cut off by blockade, submarines and airplanes makes such a policy imperative.

It is possible too for capitalist governments to require that private industry be prepared to turn to the production of war materials, such as tanks, airplanes and ammunition. Experience during the World War showed that reorientation of production is possible within a wide range if the necessary equipment already exists in industrial plants ("shadow factories," according to the English term).

Also, subsidies can be provided for certain industries vital for war, such as airplane manufacturing, shipping and in a few countries the extractive industries (coal, iron ore), which might not be able to compete on a free market. Subsidies for aeronautics and for shipping serve also for the training of a personnel which can form a part of the armed force during the war. Tariffs, which indirectly subsidize production, can be used incidentally to further the needs of war preparation. Especially the imposition of a duty on raw materials can act as a stimulus for the production of substitutes for war purposes.

It is even possible that countries with a free market economy could set up a central authority to act as a ministry of supply, a procedure that has been advocated in Great Britain. The task of such an authority would be "the prevention of overlapping, the standardization of contracts and methods of profit control, the best allotment of such resources as are available, the priority of deliveries not only from contractors but from sub-contractors, the timing of supply from raw material upwards so as to give the best possible synchronization of the flow of finished products."² So far it seems to be mainly the rivalry between military and civilian authorities which has prevented the setting up of such a central administration. The very fact that it is discussed, however, makes

² Cf. *Economist* (June 4, 1938), pp. 525-26.

it clear that the democratic capitalist states are far from having exhausted the possibilities of organization and preparedness that can be effected without recourse to completely planned integration.

II

In the World War it was two years before Great Britain transformed her production into a planned system, in other words, before the state took command of all economic resources. How strange this idea seemed at the time may be concluded from the fact that as late as 1916 Knut Wicksell expressed the view that the state and the army could obtain anything they needed by an increase in the rate of interest.³ Today, as has already been mentioned, it is generally conceded that the character of modern war makes a complete organization of the economic system inescapable during the conflict. Even Great Britain seems to realize that a war can neither be fought nor economically sustained with business carried on "as usual." The production and transportation of the tremendous equipment for modern war necessitate the maximum efficiency of the economic system.

Although it is certain that during a war manpower, natural resources and reserves will be strained to the utmost, it is not possible to foresee in which specific fields of production the demand will be the greatest and most urgent. Certainly agriculture and the production of coal, iron and steel will always lag behind the demand, and the system of transportation will be overstrained.⁴ But, in the field of manufacturing, the par-

³ Knut Wicksell, "Hinauf mit den Bankraten!" in *Archiv für Sozialwissenschaft und Sozialpolitik*, vol. 41 (1916), p. 745.

⁴ During the War of 1870, 70 per cent of the freight space was used to transport the food for the army, while during the World War only 13 to 30 per cent (Adolf Sarter, *Das deutsche Eisenbahnwesen im Kriege*, Stuttgart 1930).

ticular types of production of ammunition and equipment that will command the main position depend upon the character of the war, which no one can foresee and on which the military authorities themselves do not agree.

In order to illustrate the task with which the economic system will be faced it may be well to digress for a moment and consider how the various countries stand in regard to some of their essential needs. Table I indicates the approximate ratio between the maximum production of certain raw materials and the "apparent consumption" during the period 1925-29 (in Russia for 1929-31).⁵

TABLE I
PRODUCTION IN PERCENTAGE OF CONSUMPTION

	Coal	Iron Ore	Iron and Steel	Chemicals	Nitrates	Cotton	Aluminum	Manganese	Phosphates
United States...	104	97	101	100	67	215	54	8	136
Germany	122	29	104	129	129	0	1	0	49
Great Britain...	136	69	96	100	250	0	3	0	43
France	70	139	111	108	61	0	211	0	52
Russia	103	106	99	95	37	85	24	269	86
Italy	3	76	37	93	82	0	87	14	0
Japan	108	65	58	90	67	4	0	43	14

In the production of raw materials the United States and Great Britain are complementary; if they are united, or at least on friendly terms during a war, and if transportation on sea is safe, they could be considered practically self-sufficient in time of war. Thus political factors too may have a decisive bearing on war economics.

But if we disregard the political question of alliances these figures indicate to what extent the various nations must

⁵ Brooks Emeny, *The Strategy of Raw Materials, A Study of America in Peace and War* (New York 1934), pp. 176 ff.

deviate from "normal" peacetime economics in order to meet the demands of war. The picture is much the same in regard to food. In the same countries the production of food, expressed in percentage of "apparent consumption," was as follows:⁶ United States 101; Germany 78; Great Britain 51; France 94; Russia 101; Italy 95; Japan 100.

In no country of the world is the supply of all these necessities sufficient to meet the demand, even in peacetime. In a general war, however, each country will have to depend upon its own production, especially if imports from neutral countries are not available or are interrupted by blockade. Moreover, in times of war, consumption both of raw materials and of food increases rapidly; the per capita consumption of the army is far above that of the civilian population, and the increased employment of women and older persons in industry and agriculture makes also for increased consumption, especially of agricultural products. At the same time, especially in agriculture, production tends to decline, mostly because of the scarcity of labor. In Austria during the World War (1917) the production of wheat declined from the peacetime level of 100 to 47, rye dropped to 43, barley to 29, oats to 25, potatoes to 51, sugar beets to 43; by 1918 the production of cattle had dropped to 80, of sheep to 85. In a long war there is even a decline in the production of raw materials; for example, in German coal mines production per worker declined from 1913 to 1919 by 45 per cent.

Table II gives an estimate of the demand for iron production which would exist during a war, assuming that the war were waged with ideal equipment, and taking as 100 the average peacetime capacity for iron production. It must be remembered, however, that in many cases this ratio is dependent

⁶ Emeny, p. 175, according to figures given by T. T. Read, "The World's Output of Work," in *American Economic Review* (March 1933).

on a sufficient importation of iron ore. Since the demand would vary greatly according to whether the war were one primarily of defense or of attack, separate computations have been made for the two types of warfare.⁷

TABLE II
WARTIME DEMAND FOR IRON PRODUCTION IN PERCENTAGE OF
PEACETIME PRODUCTION

	<i>Defense</i>	<i>Attack</i>
United States	50	115
Germany	180	400
France	180	400
Great Britain	250	570
Russia	325	725
Japan	850	1850
Italy	1050	2300

Since all countries are dependent upon imports for at least some of their essential raw materials, a very important point in war economy will be the production of substitutes. But the production of substitutes cannot begin with the war; the industry must be developed in the preceding period. Especially Germany and Italy, and to some extent Japan, have embarked, since about 1934, on very ambitious plans of replacing the imports of important raw materials (iron ore, oil, textile fibers and so on) by substitutes.

The development of substitutes, however, can be really successful only when industry can produce them so to speak "from the air," as happened literally in the case of Haber's nitrate. All other substitutes, such as artificial rubber, oil from coal, textiles from wood or milk, or very low-grade iron ore, entail such a strain on labor and capital resources that their production is difficult even in peacetime. Thus in time of war,

⁷ Stefan Possony, *Die Wirtschaft des totalen Krieg* (Vienna 1938), p. 70.

although such *Ersatz* industries may produce a part of the necessary supply, they will weaken the country's economic position in other respects.

In view of the many uncertainties concerning the next war—its nature, extent and duration—all that can be said is that the resources of every country will be insufficient if measured by the "ideal" requirements of the military. But since no nation will be able to fulfill these requirements, everything will depend on the relative strength of the countries involved. This means not only manpower and natural resources but preparation, organization and exertion—in short, war economics. The peacetime economy must be transformed into a carefully planned system, even in the capitalist countries.

We have already seen how totalitarian preparation for war approximates the measures that will be necessary everywhere during an actual conflict. Capitalist, democratic countries will scarcely follow the same methods as dictatorial countries, but certain principles will be necessarily the same.

In a capitalist system, too, it is essential when a war is being waged that the state have the right to avail itself of all the necessary war supplies, including everything that can serve as, or be transformed into, military equipment and everything that is necessary for the maintenance of the army. Thus it must have the right and the power to control investments and to organize production. This may mean taking over private plants or erecting new ones wherever the incentives of private production are not sufficient; it may mean imposing a planned system or merely allocating labor, raw materials and power. This economic integration, whatever form it takes, must make it certain that the state's orders to industry and business take priority over those of other customers.

Two closely related measures which the capitalist state must pursue in its war economy are price control and rationing of consumption. The unavoidable deficiency of private produc-

tion would in itself increase prices and thus either necessitate greater expenditures by the state or bring about a discrepancy between the prices charged to the public and the prices charged to the government, thus endangering the sufficient provision of the army. Price control avoids this situation and at the same time serves to control profits.

But price control leads necessarily to rationing consumption, especially in those daily necessities which represent the bulk of the consumption of the masses. If the consumers are inclined to consume more than can be supplied at the fixed price, only rationing can create an equilibrium between supply and demand on the market. The discrepancy between fixed prices and the price the consumer is ready to pay is caused by the tremendous amount of purchasing power that has been created; as a result of the greatly increased orders of the state there is a great increase in the aggregate income paid out. When incomes thus increase, fixed prices will be difficult to maintain. Thus the state will also have to keep the aggregate income within limits; this will help too to reduce its own expenditures.

Finally, the scarcity of labor—due partly to the taking of men for the army, partly to the great demand—makes it necessary to allocate workers to the various branches of necessary production and to draft idle persons, especially women, for the needs of the economy.

The laws enacted in various countries, or at least prepared for the case of war, foresee such a thorough organization of the economic system. Just as every country tries to provide itself with a modern air fleet and artillery, it tries to have everything ready in the field of production.

In the United States it is planned to centralize control of the economic system in a War Industries Administration. This is described as "the industrial pivot about which war-time control turns. It is the most powerful arm of the Presi-

dent for converting the industries into war uses. It is the meeting point of the war machine and industry. It will clear requirements for the Government war agencies, industry and the civilian population, allocate to the trade the output of commodities required immediately or in the future, assign priority of production and delivery to war materials, curtail nonessential production, conserve wasteful production by various restrictions and collaborate with other governmental agencies in controlling prices.”⁸

The plan provides for the creation of several boards, among which those for army and navy munitions, for labor supply and for commodities are conspicuous. The rights of these boards are very far-reaching. The boards will prevent competition among the various agencies, will estimate the probable demand, secure the delivery of important raw materials, prevent shortages, control the stocks of commodities and the prices of raw materials and manufactured goods, encourage the use of substitutes, obtain information on stocks, production and consumption. The labor supply will be similarly regulated, the plan going so far as to foresee “the recruiting, training, and infiltration of women not gainfully employed in industry, commerce and auxiliary services.”

A glance at the laws to be enacted at the outbreak of a war shows that the President will be in complete command not only of the manpower of the nation but also of its raw materials, both for industry and for agriculture. He will exert this power either directly or indirectly, through his agencies, by drafting men, taking over any commodities that can serve as war material, setting prices, restricting profits and ordering production. The powers of the administration will be unlimited in all these respects. There is even provided a strict and complete control of investments, by establishing a capital

⁸ *Industrial Mobilization Plan*, Revised 1933 (Washington 1935).

issues committee and a War Finance Corporation. It goes without saying that private property can be seized upon and that foreign trade will be subject to the most detailed regulation. Thus, except for outright socialization of all the means of production, everything will be within the limits of the President's power, and even socialization of basic industries is certainly covered by the law to be enacted the day war is declared.

The main principles of the plans for industrial mobilization are much the same in most countries. When and to what extent the plans of control will be put into operation will depend upon both the efficiency of the economic system and the demands of warfare.

When such a system of regulation was established during the World War—in a far less intensive form—it was considered by many as a type of socialism. But there was nothing socialistic in it then, nor would its more extreme measures in another war mean a turning to socialism. The only purpose of such a total organization is to make it sure that production is increased to its maximum and that consumption is reduced as far as possible. This purpose is not attainable unless some degree of equality of consumption is enforced. It is this principle of equality rather than a socialization of the means of production that characterizes the system of war economy. And since such equality is the consequence of a low national dividend the public will desire to return to "normality" as soon as possible. Thus rationing during the war is not likely to initiate a greater equality of real incomes once the war is over.

Industrial control during the war is intended to cope with the problem of scarcity—to stimulate production for war purposes and to restrict production for private consumption. Its main measures are the allocation of labor and materials to private producers, the supervision of production and the preven-

tion of high prices. Once the war situation is over, the function of such a complicated organization of industry and agriculture no longer exists. The function of a socialistic control under conditions of peace would be just the opposite: to stimulate production beyond the volume offered on the market. This could be achieved—if at all within the limits of a capitalistic system—by various subsidies or by public spending or by taxation that increases the “propensity to consume.” These measures, and the existence of the institutions they imply, are unnecessary during the war, and would in fact endanger the success of the war economy.

For war economy is wholly different from peace economy. When a nation is at war its demand, even if it is a rich country, exceeds its supply. When it is at peace, however, its potential output is much greater than the demand for it, and during a depression the main difficulty is even the creation of demand.

This difference is clearly evident in the monetary situation too. During a war the excessive additional supply of money at the disposal of the military authorities, and, with expanding production, the increase of the producers’ income, make the restriction of inflation, and that means checking the rise of prices, a main problem; in a peace economy, however, especially during depression, it is the deflationary tendency that is the main danger. Likewise in the situation on the commodity market: the war economy has to cope with the problem of scarcity, of depleted stocks; the peace economy is concerned mainly with the question of how superabundant stocks can be marketed and how available resources can be utilized.

In a broad consideration of the requirements of warfare in relation to the potentialities of war economy, it is safe to say that a nation’s military effectiveness will be restricted only by the limits within which war materials can be produced. The

almost uniform development of modern technique in all countries tends to make military effectiveness today a function of population and available raw materials, whereas up to the World War it was mainly a function of the population and the technical level which the national system had reached.

XI

WAR EXPENDITURES AND ECONOMIC BALANCE

By ALFRED KÄHLER

I

THE influence of armaments and other national defense expenditures upon economic balance obviously depends on the size of the sums involved. In the years 1910-13 the United States, for instance, spent about 300 million dollars annually on her army and navy. Since the annual national income during these years was somewhat over 30 billion dollars, the defense expenditures amounted to no more than 1 per cent, too small a percentage to have a marked influence on the economy. The European countries during these years were, *comme habitude*, engaged in an armament race. Thus Germany in 1913-14 spent for her national defense 1.9 billion marks from an income of 50 billion, that is to say, 3.8 per cent; Great Britain, 77.2 million pounds from a national income of 2 billion, or 3.8 per cent; and France 1.8 billion francs from 36 billion, or 5 per cent.

Such sums certainly weighed more heavily than the relatively inconsiderable American expenditures, and had more measurable effects. Germany, for instance, held 900,000 men

permanently under arms, thus decreasing her active labor supply by this number; France maintained 800,000 men in her army and navy, and England 500,000. A further effect was that such industries as steel, shipbuilding and armaments were overexpanded, or at least further expanded than if civilians had spent these amounts of money. Finally, these defense expenditures influenced the formation of capital.

If these sums, instead of being spent for armaments, had for example been saved and offered on the capital market, the supply of capital would have been increased in England from 260 to 337 million pounds, in France from 5 to 6.8 billion francs, and in Germany from 8 to 9.9 billion marks. In the rate of accumulation and growth this would have meant increases of 30, 36 and 24 per cent for the three countries respectively. The real result of this markedly increased saving would have depended, of course, on the power to absorb such sums. If the accumulation—because of increased savings and decreased need for armament factories—had outstripped investment possibilities, depressions would have developed, probably reducing the national income by more than the total of armament expenditures.

This reasoning may seem hypothetical but at present we can well see what a dearth of investment opportunities compared with current savings means. Von Ciriacy-Wantrup, who has dealt with this relationship between defense expenditures and economic activity in his recent book, *Agrarkrisen und Stockungsspannen*, actually maintains that all periods of "long-wave" prosperity under capitalism—as from 1790 to 1815, from 1850 to 1873 and finally from 1890 to 1920—have been periods of large expenditures for military and war purposes, and that only these expenditures have made capitalism so highly dynamic. This view is supported by the tremendous cost of the Napoleonic wars, the huge expenditures of the

American Civil War and finally the all-exceeding cost of the World War.¹

Still this interpretation of the history of the last hundred and fifty years is probably colored too much by our present-day situation, in which private investments have lost so much of their dynamic influence and state debts and expenditures have become so important. Only at the beginning and at the end of this period is it true that there were major wars which overshadowed private activity and completely determined the rhythm of the economic life of the industrial world. Between the Napoleonic wars and the World War capitalism built up English industry and then that of the Continent, of the United States and finally of a good part of the world, requiring such tremendous sums of capital that even eight billion dollars for the American Civil War seems to have been only a minor expense in this gigantic development. To be sure, this does not mean that there were never static periods in the past which were dull and inactive because of too low an investment activity compared with the prevailing rate of saving, and that the economic activity of these periods might not have gained from increased armament. It is only the unjustified generalization of present-day experience against which we should guard.

Today, it is true, we consider public borrowing and spending, of which armament is only one form, essential for increased economic activity. The theoretical background of this view is well known. A money economy, it is reasoned, stays in balance only so long as all income is currently disbursed, for everyone's income depends on the spending of someone else and total income cannot be larger than the total sum of spending. If the national income of the United States, for instance, is 80 billion one year, this sum must be spent if in-

¹ Cf. Chapter VIII, "The Costs of National Defense."

come is again to be 80 billion. Actually 10 billion dollars may be saved, that is, not spent for consumers' goods. Total income during the next year will then be no higher than 70 billion dollars unless the 10 billions are somehow turned into active purchasing power again, as by investors buying new machinery, factories and the like. Such dynamic expansion is a *sine qua non* for economic equilibrium. If the pace of growth slackens or falls below the rate of accumulation, savings will not be spent and economic activity will decrease in a descending spiral.

Here armaments enter the picture, and of armament spending three degrees may be distinguished. First, armaments may be no greater than tax revenues; this means primarily a shift in purchasing power without really helping to solve the investment problem. Second, they may exceed tax capacity and be financed by borrowing, thus absorbing a part of savings and, if underinvestment is the problem, contributing essentially to maintaining economic balance, in other words, preventing a depression; of course, public expenditures for other purposes could accomplish the same end. Finally, in the extreme case, armament expenditures may go beyond all free savings, necessitating credit expansion and possibly bringing on inflation. The World War is the prototype of such overdone government expenditure. At that time the borrowings of the belligerent governments soon exceeded all possible savings. In 1915 Germany, for instance, was already spending 25 billion marks for the war, while in peacetime her total national income had not exceeded 50 billion marks. And not only Germany but all governments had to resort to credit expansion, thereby continuously increasing monetary purchasing power.

The first result of this growing demand is the enlistment of all available means of production. Further increases in total purchasing power result in price rises, since the supply of commodities lags behind aggregate demand. The government may

be aware of this train of events but it is inevitably pushed on by its war needs. During this inflationary time the whole economy is transformed into a state of feverish activity such as a private investment boom hardly ever reaches. There is no problem of overproduction because total purchasing power never decreases. On the contrary, the state constantly adds to it by additional credits. The development is much like a perpetual investment boom in which neither the investment possibilities nor the means of credit is limited.

II

While the influence of a major war on the total economic situation is clear as long as war expenditures last, it is more difficult to trace after government expenditures are again reduced to normal. Von Ciriacy-Wantrup has made the generalization that long waves of prosperity end with the war periods, or at least with the first short period of reconstruction. Colonel Leonard P. Ayres, closer to American experience, contends that major wars are followed first by a "sharp" but "usually short period of hard times," which gives way to "a rapid recovery and a period of active business expansion," and that only this is displaced by "a long and severe period of sub-normal activity,"² that is, by a long-trend period of depression.

Such generalizations must be drawn very carefully. European countries have experienced, as has been mentioned, only two such postwar eras—and these very different in character—on which to base such conclusions, though the United States, it is true, can use for comparison the period after the Civil War. Moreover, there are great national differences in post-war developments. The United States, after a short primary

² Leonard P. Ayres, *The Chief Cause of This and Other Depressions*, pamphlet published by the Cleveland Trust Company (1935), p. 7.

postwar depression, enjoyed remarkable prosperity, based on a rapid internal development and on her newly won world economic supremacy. England experienced only the depressing result of an enormous debt burden and disruption of markets. Germany went through a period of excessive inflation and a struggle against reparations without really regaining self-control in her business affairs. France, with her long reconstruction period, her exhausting devaluation and inflation, her periods of fortification and armament and finally her social struggle, is only a further example showing how dangerous it is to generalize and to think of postwar economic history in the old patterns of automatic business-cycle fluctuations.

It is not to be denied, however, that major wars bring with them certain characteristic and very important changes in the economic situation. There are, first, the mounting government debts and the resultant increase in the tax burden. Great Britain, for instance, entered the war with a debt of 650 million pounds and in 1919 had an internal debt of 6.5 billion, while the annual income of the nation before the war had not been higher than 2 billion. Government expenditures increased from about 200 million in 1914 to a full billion in 1922. Germany's state debt increased from 5 billion marks to 140 billion, which also was about as much as the total income of three of the prewar years. The other countries showed similar developments.

Another heritage of war is a change in the international debt structure, and the system of reparation payments. Further, if a war has lasted several years the disruption of world trade will have led to a dislocation of industries which may very well prove to be permanent. An accelerated technical development, which is another result of war, may provide postwar periods with many improvements that await utilization. Moreover, war requirements cause deficiencies in many commodities and a cumulative demand for the replacement of

machinery; a shortage in residential buildings may also develop. A further important heritage of war is a high, perhaps even a too high, price level. Finally, with the end of war the huge government borrowing and buying stops, which means a fundamental change in the supply and demand situation.

All these consequences of war have been used to explain why development after the World War necessarily went one way or the other. The accumulated replacement demand and the shortage of many commodities and of residential buildings are usually mentioned when a postwar boom is to be explained; on the other hand, high governmental debts and taxes, the high price level, international obligations and the withdrawal of government expenditures are cited to prove that wars must necessarily be followed by a long-lasting depression, even if this does not start within ten years of the end of the war.

There can be little doubt that all these results of war make a measurable impression on the economy and in many respects affect its further development. But do they really predetermine the balance, or better, the unbalance of the economy for many years to come? And do they really control the trend of business in accordance with the rule of long depression and short revival? Or do we overestimate the influences of these factors in the further economic development and should we look instead for other determinants?

Among the stimulating heritages of war—those which are supposed to induce prosperity—are the shortages in commodities and the postponed investment demand. The brief postwar boom in the United States, lasting until the middle of 1920, may be explained by these conditions. But it would certainly be overrating these postponed demands if we assumed that a long-trend prosperity could have been built on them. Especially in the United States, the capital sums they necessitated

were small compared with the saving capacity of modern economic life.

A more lasting effect than that produced by the shortage of commodities and unreplaced machinery can be expected from the shortage of residential buildings. But this factor will become significant only if the adult population has increased considerably during the war; such an increase depends on the age structure of the prewar population and cannot be considered a result of war which, after all, decreases rather than increases population. In the United States population increased from 91.9 million in 1910 to 105.7 million in 1920 and 122.7 million in 1930, and there can be little doubt that this growth encouraged building activity which in turn contributed to a long prosperity. But this would have been the case with or without war. Further, we know that residential building was only one of the dynamic factors in the balance of the economy during this period. The automobile industry, with its huge investment demand both within the industry and in such related fields as highway construction, was certainly as important as the building industry. One can even assume that building activity itself would not have been so brisk if it had not been for general prosperity, since increasing population stimulates building only if the aggregate income of the people is also increasing.

Thus it may safely be concluded that American prosperity up to 1929 was not merely an aftermath of the World War; rather it developed forces of its own which were dynamic enough to maintain economic activity at that high level.

France was probably the only country in which investment activities directly resulting from the war held for some time a strategic position in the business situation, and this was because of the destruction in the war regions. Least favored by these investment incentives was England, and in Germany the first postwar years were overshadowed by inflation.

Among the depressing factors government debt and high taxes rank first. But do they really make a long wave of depression inescapable? It is true that England has extremely high taxes and government debt, and that she suffered for many years from depressed economic activity. Still, England too has had years of prosperity—since 1934 even under mounting taxes and debts. The United States enjoyed until 1929 a very favorable business situation, and when she descended into the “long-wave depression” government debts had been considerably reduced. Germany, under inflation, had mounting debts and high economic activity and afterward her debt had vanished and she went through many years of depressed economic activity. France’s debt increased almost continuously, but poor business has prevailed only during recent years. History does not prove that high debts and taxes are of necessity accompanied by poor business. Nor can this proof be achieved by theoretical reasoning. High government debts may mean a high interest burden, but the interest payments represent at the same time income to the citizens and there is little reason to believe that such a shift of income must disturb economic balance.

The strongest reason for expecting a period of long depression after major wars is the price argument. World wars are world inflations. The wholesale price index climbed from 100 in 1913 to a 1920 average of 221 in the United States, to 307 in Great Britain, to about 1500 in Germany, to 520 in France and to 292 in the Netherlands. These new price levels are generally regarded as too high and therefore as pressing for a downward adjustment; declining prices, however, entail long periods of depression interspersed by only short revivals.

The break in prices in the United States between the middle of 1920 and the middle of 1921—from a peak of about 240 per cent to about 140 per cent of the prewar level—was one such adjustment. This certainly entailed a shock to total economic

life, but the disturbance was surprisingly quickly absorbed and overcome. Prices remained about 40 per cent over the prewar level, however, and it was only after 1929 that they fell to or below that point. The question is whether prices in themselves had the power to enforce these downward adjustments and thus to control the postwar business trend, of which the depression after 1929 was only the last phase. History supports the affirmative answer surprisingly well. During the Revolutionary War, the War of 1812, the Civil War and the World War wholesale prices rose to 200 and more per cent of the prewar level, and each time they fell back to the old level in the ensuing decade. Still, this does not prove that the price level of 1929 was in itself the cause of the crisis, and thus that the subsequent depression was a last heritage of the war.

Considerable changes in the price level involve many problems, and much can be learned from the history of prices in postwar periods. First it must be observed that inflation during wartime is carried on to a different extent in different countries: American prices doubled, English tripled, French quintupled. Thus there is a change in the relative values of the currencies. The English attempt to restore the old ratio between the pound and the dollar has shown that such an experiment is likely to be accompanied by long depressing effects on the revaluating economy. An adjustment of the different exchange rates to the new conditions would probably dispense with this source of disturbance.

A more difficult question is whether or not prices all over the world become too high and ought to be brought down. This is usually denied, since only discrepancies in prices are thought to be a disturbing influence. As long, however, as the ratio between gold and currency is not changed, high prices do mean such a discrepancy between gold price and the prices of all other commodities. Therefore when prices more than double it is probably best to devalue all currencies, that is, to

raise the gold price. France and all the countries with extreme inflation have been forced to this policy.

But in the gold countries the postwar development went another way. Prices broke in 1920, falling to about 140 per cent of the prewar level. This still meant an unfavorable price for gold, though it did not have much effect on the world gold supply. Production in the 1920's was only about 15 per cent below the very high production of the last prewar years. Since in modern times the connection between gold supply and available credit is very loose it can hardly be assumed that this relatively small decline in the supply of gold could have exercised a severe and constant pressure on the price level. In recent years commodity prices have fallen, the gold price has been raised by devaluation and world production of gold has actually doubled. If there were a close relation between gold production and the price level, a considerable increase in prices would have resulted. But actually we have seen that even heavy government borrowing and spending, in addition to devaluation, could not affect the price level very much, and certainly not permanently.

Thus it is clear that the postwar development cannot be explained merely by referring to the somewhat mystic belief in the rules of long-wave price movements after wars. A more workable hypothesis certainly would be that capitalism always tends toward deflation and depression, a tendency which during wars is more than outbalanced by armament expenditures and in peacetime usually has to be outbalanced by a dynamic economic development accompanied by large capital investments.

There is also no reason to believe that wars are always or even usually followed by a ten-year period of dynamic events. The United States, it is true, had such a dynamic development after the World War, and became the center of world prosperity. The European countries, however, only demon-

strated how far they had lost their power to expand, and revealed that economic history moves not in circles but in a spiral, continuously changing the relation between productive capacity and the possibility for its profitable application. The economic difficulties which the United States has faced since 1929 prevailed in Europe during most of the postwar time, but with the difference that the United States still has many possibilities for overcoming them on the basis of private capitalism, while in Europe the narrowing economic life has increasingly undermined hope. The end of American prosperity brought these problems into the open, and since then the relation between political and economic development has been largely reversed.

III

In the first place, the depression made the reparation payments, the interallied debts and the general debt structure unsolved problems of postwar history. They had all arisen on the assumption of continuous prosperity, and they necessarily became new issues when foreign trade dwindled to one third of its predepression value.

Also the depression reversed the relation between the business cycle and armaments. It is usually held that armaments influence the business cycle, but now the business cycle, with its depression, has bred supernationalism and armaments. This root of National Socialism should not be forgotten, for much of the present-day development in Europe can be understood only against the background of the economic debacle. This relation between depression and armament holds mainly for Germany, but it has spread over a good part of the world.

It is still true, however, that in no other country have armaments grown into such a dominating position in the balance of the economy as in Germany. Originally this was hardly

the intention of the National Socialists. In 1933 they too made use of public works such as road construction in their drive against unemployment.³ But their thirst for power very soon demanded armaments, more armaments and still more, and slowly they discovered that armaments could readily be substituted for other public works, serving two purposes at one stroke: labor creation and the fulfillment of their power ideology. The conditions for huge government borrowing and spending were very favorable when they assumed power. The republic had brought down the price and wage level, had wiped out the internal war debt by inflation, and had succeeded also in liquidating the reparation problem. Everything was set for a period of labor creation.

The total of government borrowing and spending during the following years can only be estimated. The increase in the debt of the Reich between 1933 and 1936 is estimated as high as 20 billion marks; this would mean borrowing at an average rate of 5 billion marks a year. But even this huge sum is far from representing the total additional government expenditures of this time. Available funds have been increasingly supplemented by higher revenues, contributions of all kinds, savings in unemployment expenditures. Total public revenues are reported to have increased from 10.1 billion marks in 1932-33 to 18 billion in 1937-38. Thus with the savings of about 2.4 billion in unemployment compensation during this period the financial position of the government improved by 10 billion marks annually. The collections of the semi-public organizations also add up to a considerable sum; the German Labor Front alone collects probably about 600 million marks annually. This drain on private purchasing power would be a tremendous source of deflation if the state were not such a willing spender. Actually everything col-

³ Cf. Max Ascoli and Arthur Feiler, *Fascism for Whom?* (New York 1938), pp. 204-05.

lected or borrowed is spent at least as quickly as it comes in. Thus total purchasing power has increased—increased because of the continuous spending beyond all growing revenues, gradually enlisting all idle means of production. This has taken place automatically with the credit expansion, for wages, and to a certain extent prices too, have been kept stable by decree. It is claimed that the national income has grown in this way from 45 billion marks in 1932 to 68 billion in 1937, and to “a still higher figure” in 1938.

One may wonder how this economy can be kept in balance over a longer period at such a high level. Private consumption has certainly not been forced up. Wages have been kept stable while prices have tended to increase all along the line. The aggregate income of the working population has risen, but considering the deductions for increased contributions, taxes and canceled unemployment and relief payments it has not risen very much. Who then buys all the surplus product? One is obliged to believe that even in 1937 armament expenditures amounted to 10 billion marks, thus absorbing the total improvement in the financial position of the government.

Still, this spending alone, huge as it was, could not have guaranteed the high level of economic activity. “Savings” have risen with production; in 1937 the total capital supply may have reached about eight billion marks, a figure which corresponds to the estimate of the Reichskreditgesellschaft. These funds too must be absorbed. Perhaps half of this capital supply is borrowed by the government either to cover open budget deficits or to foster investments for semi-military purposes, such as road construction, erection of new plants for substitutes, developing poor iron-ore mines and the like. Another part goes into productive plants, the profitableness of which again depends on government buying or on direct or indirect subsidies. The rest of the capital supply goes into private channels, especially residential buildings, and the al-

most two billion marks invested annually for this purpose comes nearest to being a really paying investment.

Thus the investment problem is solved—but certainly not in an ideal sense. Economic balance is maintained primarily by the ten billion marks of armament expenditures and perhaps five or six billions of government-initiated “investments”; there is a relatively small remainder to be absorbed under private initiative.

As to whether there will continue to be enough projects on which to spend the huge sums, it must be remembered that an “ideal war strategy” requires tens of thousands of airplanes, tanks and guns, a big navy and endless fortifications. This is an ideal that can hardly be reached, and if it could be, the mere maintenance of the stock of war material would require a continuation of the expenditures. And then too there is the capital demand of the new industries for synthetic raw materials, which are needed not only for war but also in peacetime, since a great part of the incoming foreign exchange is now used to buy raw materials for the manufacture of arms while the civilian need for commodities remains unsatisfied. There is also the wish to rebuild cities, and this too would absorb unlimited capital sums, if they could be extracted from the population. If it were not for this great demand for capital the growth of the capital supply to about eight billion marks would already have been excessive. Instead a close restriction on private investments is needed, and total purchasing power continues to exceed current production, necessitating an increasing regimentation in the distribution of all kinds of commodities.

A return from this situation to an economy profitable in the old sense is hardly conceivable. Therefore state debts, with their interest and tax burdens, are bound to grow. But the tax capacity of fascist countries is very great, and there are also other ways of mastering the situation for a long time.

Interest payments can be reduced and direct cuts can be made in the state debts. Thus the most essential problem for the stability of these fascist economies is that of keeping current consumption sufficiently low to make possible the huge government activities without leading to too great discontent among the working population.

This touches upon another important connection between depression and armaments. An armament race started at the peak of prosperity would require that millions of workers be withdrawn from other productive functions, and the resultant decrease in the standard of living would obviously result from armaments. But an armament race started when 6 million are totally unemployed, and many more million are working short time, gives these workers a chance to produce; it will even be praised for creating work and will be almost completely absolved of the blame for too low a standard of living. If such conditions had not prevailed in central Europe, German National Socialism would never have been able to extract sufficient labor and wealth from the nation to build up armament on such a gigantic scale. This is as sure as it is that the trend toward authoritarianism itself found its strongest support in the economic debacle.

In a discussion of the war expenditures of authoritarian states Italy and Japan ought to be considered too, but they follow much the same pattern as Germany, only on a lower level and without the relatively autarchic position which, after all, gives Germany her greater stability. Russia is estimated to have spent twenty billion rubles on national defense in 1937. The sum must weigh heavily in the balance sheet of the country. But the Russian economic system is a step further away from liberal capitalism, and there is little sense in discussing how armaments in Russia help to balance the economy. There they probably do not serve this purpose at all, but only decrease the standard of living.

IV

Among the non-totalitarian countries England is the nation which has most consistently tried to avoid public borrowing and spending as a panacea for unemployment and depression. Soon after the war she resumed her old conservative economic policy. The budget was balanced and the state debt showed rather a decreasing than an increasing trend. A deflationary policy was adhered to for many years, though it obviously depressed economic activity and increased social unrest. Only the world depression forced England, for two years, into further borrowing. But in 1934 the budget deficit had already been overcome and after that England participated in world recovery. The conditions favored this upswing. The new protectionism was a stimulus to many industries, the early devaluation of the currency improved England's position in the world markets and, finally, building activity gained momentum. The recovery was not spectacular but it was lasting.

Armament expenditures were increased only slowly, and not to stimulate business but because of the rapidly changing political situation in Europe. The expenditures rose from about 90 million pounds during the depression years 1930-32 to 122 million in 1935, to 170 million in 1936, to 225 million in 1937, and they are expected to reach 320-340 million pounds in 1938. For a long time they were financed in good old English fashion by increasing taxes. But in March 1937 the armament bill empowered the government to borrow 400 million pounds over the next five years, that is, 80 million pounds a year. Since most of the money was to be used to buy war materials, and since total production was already high, a boom in the iron and steel industry, in shipbuilding and in the machine industry was to be expected. Steel production, which had been 9.7 million metric tons in 1929, recovered from the depression low of 5.2 million tons in 1931 to 10

million tons in 1935, 11.9 in 1936 and 13.1 in 1937. All productive capacity was used without satisfying current demand, and the general scramble for steel threatened to become the bottleneck to further development. There was also a shortage in plant capacity for airplanes, and the shipyards were fully occupied. Finally a shortage of skilled workers seemed to be imminent.

But then came a decisive turn. Private prosperity, on which the armament race was superimposed, faded out and turned slowly into a "recession." The setback in American business during 1937 aggravated the British situation. Residential building had already reached its peak by the middle of 1936, while the textile industry suffered setbacks after the middle of 1937 and only the steel industry could increase production until the beginning of 1938. Then it too decreased, and in August-September iron and steel output stood at only 60 per cent of what it had been at the end of 1937. Private purchasing had declined considerably, while the demand for armaments, which is estimated to have taken about 25 per cent of the 1937 steel production, could not make up for the losses. And armament expenditures in general have not grown so fast as to absorb the shock of the decline in private investment activity. The general index of production, which stood at 121.3 in the third quarter of 1937 and at 128.7 in the fourth quarter, declined to 99.1 for the third quarter of 1938. Nevertheless, though a further decrease in business activity is not impossible, we may agree with the statement of the *London and Cambridge Economics Service*⁴ that "The recession is no doubt being checked by armament activity and this may prevent its becoming very serious in production for the home market."

But if it is really only armament that prevents economic

⁴ August 23, 1938, p. 345.

activity from relapsing into a serious depression, then England too has become a country in which armament has gained a strategic position in the balance of the economy, and the way back to "normal" may prove to be very difficult.

An English research group dealing with these problems in the *Economist* (June 11, 1938) argues that "It can hardly be suggested that the state should spend indefinitely every year 80 million pounds or more in excess of its revenue" (p. 595). But they realize also that "It will be widely felt as an intolerable paradox if it should turn out that the times when we are devoting an enormous proportion of our productive resources to the economically wasteful purpose of armaments are happier and more prosperous than those when armament expenditure is reduced to a more normal level" (p. 594).

Still this is very much the situation. Armaments, wasteful as they are, help at least for the moment to cover the weakness of the European economy, and they are of such a dynamic character that it is premature to speculate now on what will happen after the armament program is "completed." Armaments, no matter how much they mean to economic balance, are after all a political phenomenon and follow the political game. Where that leads certainly no one can predict.

Thus far we have considered armament as boosting economic activity. The developments in France, however, have shown that the relation between armaments, or public expenditures in general, and "prosperity" must not be oversimplified. In 1914 the country's debt was 34 billion francs. It increased to 124 billion at the beginning of 1919 and continued to rise to 292 billion in 1926, when the budget was balanced and the franc stabilized at one fifth of its prewar value. The whole period was one of gradual inflation, that is, of government expenditures beyond the power of the market to absorb public borrowing and spending.

The stabilization was followed first by a short recession but then by a number of good years. The world depression did not greatly affect France before the end of 1930, and the decline was arrested in 1932, as in the United States, England and Germany. But then there followed a period of adverse development. The devaluation of the leading currencies impaired France's position in the world markets. She could scarcely follow suit herself, since inflation was still too fresh in the minds of the people. Then the German political situation helped to increase French nervousness, and economic activity receded again after a small gain in 1933.

During the following years there were increasing armament expenditures and budget deficits, but an improvement in the economic situation was not seen. The stimulating power of borrowing and spending was completely counteracted by a process of hoarding, and later by flight of capital from the country. The government tried to balance the budget in order to restore "confidence," but this was prevented by increasing expenditures for defense and emergencies on the one hand, and by low revenues on the other. Toward the end of 1936 a devaluation of the currency finally became unavoidable, but its advantages were soon counterbalanced by rises in wages and prices and by social unrest. The flight of capital was resumed and total economic activity did not greatly increase. Without such an increase, however, the rising expenditures could be met only by still higher tax rates or increased borrowing, and neither of these procedures helped to stop the capital flight or the price and wage rises, and neither of them improved the position of the French franc or the government or the country as a whole, or helped to stabilize the economy.

For 1939 Premier Edouard Daladier has predicted government expenditures as large as 102 billion francs, while only

64 billion francs in receipts can be counted on.⁵ If this is the situation further repercussions will certainly be felt. The real problem, of course, is the social distribution of the rising armament costs. More armaments require either more work without increased consumption or—if increased production cannot be obtained—decreased consumption. But each of the social groups tries to escape the sacrifices and—what is worse—thereby prevents the full use of all available means of production.

In the meantime the government has revalued the gold stock for bookkeeping gains, abolished the forty-hour week and demanded more work to enable the country to spend 40 billion francs for armaments.⁶ One emergency decree follows another, only to show how difficult it is to match the fascist armament rate and how many favorable circumstances must prevail if a liberal economy following that path is to avoid inflation and achieve increased production at relatively stable prices, without introducing at the same time wage fixing, price fixing and especially strict foreign exchange controls. France at the moment is the country in which economic and political needs are most contradictory.

v

The following table gives a comparison of national income, armament expenditures, national debt and hourly wage rates in metal trades in the United States, Great Britain, France and Germany for the year 1937. In the United States the national defense expenditures were 1.42 per cent of national income, not much more than before the war. Great Britain's percentage of 5.04 was about one fifth over the prewar rate;

⁵ *New York Times* (October 31, 1938), p. 25.

⁶ Cf. General Report to the President of the French Republic, reprinted in *Economist* (November 18, 1938), pp. 363-68.

but for 1938 her percentage will be about 7, for expenditures have risen to about 340 million pounds while national income is estimated to have fallen to 5 billion pounds. In France there was nearly a doubling of the prewar percentage, while Germany more than tripled it. And certainly in a country which devotes nearly 15 per cent of its national dividend to armament, as does Germany, the entire economic structure is determined by these expenditures.

1937	<i>United States</i>	<i>Great Britain</i>	<i>France</i>	<i>Germany</i>
National Income (billion base)	\$69.8	£5.2	fr. 220	RM 68.5
Defense Expenditures (billion base)	\$992	£262	fr. 20.5	RM 10
Defense Expenditures in Per Cent of Income...	1.42	5.04	9.3	14.8
Hourly Wages (metal trades)	\$.75	sh. 1.35	fr. 10.0	RM .90
Defense Expenditures in Hours (billion base) ..	1.32	3.88	2.05	11.6
Internal Government Debt (billion base)...	\$36.4	£6.88	fr. 300	RM 35
Debt in Per Cent of Income	53.6	132	136	51

The comparative figures on national debt remind us of the fact that France and especially England still carry their war debts, which make their national debts 136 and 132 per cent respectively of their national incomes. Germany wiped out her war debts through the terrible process of inflation and therefore she now has a national debt of "only" about 50 per cent of her income, in spite of all the borrowing of the present regime. Those who see an imminent end to the National Socialist economy—because of the mounting state debt—should take cognizance of Germany's relatively favorable position.

Actually the size of the existing debt is not so important as the amount of the annual increase. It is the current government borrowing and spending which determine the inflationary and deflationary potential of the economy, and in this respect there can be little doubt that Germany is well along the inflationary road.

Another revealing comparison may be drawn between defense expenditures and hourly wage rates in the respective countries. In order to indicate the value of the defense expenditures in terms of working hours I have chosen the wage rates of metropolitan metal trade workers. Though the absolute figures mean little, the international comparisons give a comprehensible picture of the relative size of armaments in the four countries. On this basis England in 1937 spent for armaments nearly three times as many work-hours as the United States, and Germany about three times as many as England. If we divide these work-hours by the number of hours each man worked per year, we obtain an idea of how many persons are engaged in the manufacture of armaments or in being soldiers. Assuming fifty working weeks of forty-eight hours each, we find that in 1937 defense expenditures in the United States required a labor force of 550,000 men, in Great Britain 1.6 million men and in Germany not less than 4.8 million men. Such considerations reveal what huge sums arming governments press from their people, and indicate the real price of armaments in terms of the sacrifice of toil and trouble. It is obvious that no economy can afford annual defense expenditures equivalent to nearly 5 million labor years without incurring bankruptcy, unless it works at top speed and limits consumption to what an American would consider a starvation level.

Only on such principles can dictatorships balance their economies. And they achieve this balance at a level which gives them an armament potential that democracies can hardly

reach without serious social disturbances. Where this difference in the peacetime ability to arm will lead can scarcely be predicted. So far it has shifted the European balance of power in favor of the fascist countries with a rapidity which must have surprised even the trained observer. This development has been somewhat blurred by the circumstance that there is an authoritarian economy on the other side of the fence too—Russia. But this should not divert our attention from the fact that the special armament capacity of “dictated” economies is the background against which recent political developments have been written. It is the power of regimented economies, coupled with the ruthless principles of dictatorships, which makes present-day European history and challenges the democracies to achievements which may prove unobtainable without vital changes in economic and social life.

XII

LABOR IN WARTIME

By FRIEDA WUNDERLICH

LABOR problems during a war concern especially the mobilization and adequate distribution of the labor supply, the securing of maximum efficiency without exhaustion, and the prevention of any revolutionary movement which might endanger victory. The seriousness of these problems depends on the duration of the war, the scale on which it is carried out and the type of warfare.

In the nineteenth-century wars, which were fought on only one front and for rather short periods of time during which the countries had the alternative of importing supplies from abroad, it was sufficient to speed up industry without regimentation of labor. Therefore the World War, which at its outbreak was expected to be short, found the countries unprepared in regard to labor policies.

In considering the labor problems of a future war it cannot be assumed that the war will be decided by hurricane offensives; it is more likely to be dragged out by the strength of the modern defensive. Nor will it be easy to localize a war. Whatever the transformation of the whole population into a fighting community will mean, totalitarianism will considerably increase the problems involved. Each combatant state

will be compelled to throw the whole of its resources into the conduct of war. In such a war labor is used not only to equip, to clothe and feed the forces and feed the civilian population, to construct and keep in operation the chain of communications between the home base and the fighting line, but also to rebuild factories destroyed by air raids and, in the event of a food and raw material shortage resulting from a blockade, it may be required to provide substitute commodities, and this under increasing difficulties. Workers may be lost in invaded territories, as France, for example, lost 13.7 per cent of her workers by invasion during the World War.¹ The success or failure of handling the labor problem will be a decisive factor for victory or defeat.

I

It will be one of the most important problems of future warfare to secure the necessary labor supply. The recruiting of millions of men for the army, simultaneously with the expansion of war production, will in a rather short time create a serious gap in the supply of skilled labor.

It is true that at the outbreak of the World War the European countries involved in it experienced a short period of unemployment. This was due to the stoppage of exports, the changes in the character of demand, the panic of the public which resulted in a sudden reduction of consumption, and the panic of industry. In a coming war, with mobilization better prepared, this transitional stage of adjustment will be shorter, though lack of raw material may produce occasional spells of unemployment for some groups of workers. But even in the World War the period of unemployment was of short duration, because of the urgency of the war demand. After a

¹ Arthur Fontaine, *French Industry During the War* (New Haven 1926), p. 405.

few weeks the reduction of male employment was balanced by the number of enlistments, and industry absorbed a greater and greater amount of labor for the production of munitions. After about three months there was a shortage of skilled labor.

The depletion of the labor supply by the end of the World War may be seen by comparing enlistments and male working force. According to American estimates it took from 6 to 10 workers in the rear to maintain one soldier in the trenches.² France had mobilized 7,935,000 men (colonials omitted), that is, 62.7 per cent of her male workers.³ Germany, where there were about 16.5 million male workers before the war, had mobilized 13.5 million men for the army. At the end of the war 2.4 million men were working in German war industries, only half of them able-bodied adults.⁴ Today armament production has already resulted in a scarcity of skilled labor in the engineering industries in England and Germany.

In the beginning of the World War governments concentrated their energies on the purely military side of warfare. Skilled workers of the engineering industries were enlisted indiscriminately, and later had to be sifted out and returned to industry. In fact, it was the war industries which provided the largest percentages of war volunteers.⁵ In a future war the ideal method of solving the problem would be to decide in

² Gordon S. Watkins, *Labor Problems and Labor Administration in the United States During the World War* (Urbana, Ill., 1920), p. 53. The lowest estimate made by statisticians was 4 industrial workers per fighter.

³ Fontaine, pp. 28 ff.

⁴ Major K. Hesse, "Die menschliche Arbeitskraft in der Kriegswirtschaft," in *Kriegswirtschaftliche Jahresberichte* 1937, p. 29.

⁵ By July 1915, 21.8 per cent of the British miners had joined the forces, 23.7 per cent of the workers in electrical engineering, 23.8 per cent of those in chemicals and explosives, 12.5 per cent of those in the woolen and worsted industries (Humbert Wolfe, *Labour Supply and Regulation*, Oxford 1923, p. 14).

advance the proportion of workers to be allocated to the combatant forces and to the needs of industry. This would mean to turn down the totalitarian demands of the Secretary of War and to retain the skilled workers needed to maintain and increase the munition industry.

In order to allocate labor between the fighting forces and industry a mobilization plan would have to include a scheme of occupations vital for war purposes and also a complete register of the available labor force. The National Socialist system of labor passports, in which the skill, experience and health of the worker are recorded, makes it possible to discover the men who are indispensable. This system corresponds to the registration which Great Britain carried through by the act of July 15, 1915. The "Industrial Mobilization Plan" for the United States⁶ provides for the registration of all male persons and also for the preparation of lists of non-productive occupations and occupational classifications which require time for the training of the worker. On the basis of these registers of vital occupations and of available labor the armed forces and the munitions industry may stake out their respective claims at the outbreak of war. Germany has the advantage of having achieved this allocation in advance.

The constant heavy drain on workers to supply and replenish the forces makes the problem of labor supply continuous and increasingly difficult. Exemption of men fit for war service or release of skilled men from the colors may be considered a last resort. Means of avoiding this are augmentation of the ranks of workers, redistribution of workers, and intensification and "dilution" of work.

As to the first of these possibilities—augmentation of the labor force—what reserves are available? There is, first, immigrant labor, used by the American government in the Civil War and even during the World War by the Allies, but this

⁶ Washington 1933, pp. 50 and 39.

was not an important factor in the World War and is not likely to become important in the next.⁷ A second possibility is the use of older persons who have retired from employment but are still capable of doing useful work; a third is boys and girls, accepted at an earlier age than in peacetime; fourth, other members of the leisure class; fifth, in the later stages of war, disabled veterans. A sixth possibility is prisoners of war, but here there are handicaps. According to the Hague Conventions of 1907 war prisoners may be utilized if the tasks have no connection with the operations of war. Under the present technique of warfare, however, there is practically no work which is not work for military ends, even if it only serves to free workmen for the front. Prisoners of war were employed during the World War,⁸ but there were serious difficulties in using them in occupied territories, for according to the Hague Conventions such territories can be used only for the needs of the army of occupation. To be sure, the Hague Conventions may be scrapped, but the inability during the last war to deport resisting Belgian workers to Germany suggests that the use of this kind of forced labor is not likely to be very successful. Finally, a seventh possible source of labor is the men and women engaged on less essential work who may be shifted to war work.

In order to carry out a program of augmenting and redistributing the labor force an efficient public employment service would have to provide the necessary knowledge as to where labor is needed and available. Since planning has to be cen-

⁷ It was considerable only in France. She employed 81,897 foreign white workers (Fontaine, p. 40) and 222,763 colonials and Chinese (B. Nogaro and Lucien Weil, *La main d'œuvre étrangère et coloniale pendant la guerre*, Paris, p. 25).

⁸ France employed 306,044 prisoners at the end of 1918. Among them were workers of special skill; for example, clinical thermometers such as French industry did not produce were manufactured by German prisoners (Fontaine, pp. 50 ff.).

tralized, the public employment service would have to be given a monopoly of labor recruitment and distribution; this has already been done in Germany, as a measure of military preparedness.

In what way may labor be recruited? Let us first assume that the government relies on the price and profit system to attract industry and labor into government service. A large part of the reserve is usually called out by patriotic sentiment. Volunteers flow into hospitals, social work, nursing services for the army and the like. But volunteer labor alone is not enough, especially since the momentum of patriotism may slacken with the duration of war; moreover, the type of workers attracted may be unsuitable for the demand. Other stimuli which are usually effective in attracting persons from a life of leisure to work during a war are rising prices and high wages, heavy taxation, better food supply of workers and insufficiency of allowances given to soldiers' families.

Special incentives are needed to divert labor from the production of non-essential goods to war production. An effective stimulus is the payment by war industries of higher wages than other industries, thereby attracting labor, especially women. Most of these women do not belong to the leisure class but have at least done household work at home. In some cases the work to be done at home is reduced by the absence of men. Also, mass kitchens and collective care of children are labor-saving devices which help to transfer women from the service of private consumption to the service of war. Taxation too can be made an effective instrument for promoting the transfer from dispensable to indispensable work. Veblen proposed a prohibitive tax on domestic servants which would set free an appreciable number of persons for use in war production and would also yield an appreciable income.⁹

⁹ Thorstein Veblen, "Menial Servants During the Period of the War," in *Essays in Our Changing Order* (New York 1934), pp. 267 ff.

With the necessity of concentrating labor on war tasks is combined the necessity of shifting raw material and capital to war use. Labor can be diverted to war purposes when existing capital is used up without renewal. By refraining from repairs and replacements, by keeping worn-out tools and materials at work, by stopping the building of dwellings, both capital and labor are saved. The regimentation of raw material and capital carried through today by the National Socialist government in preparation for war presents a model of all the devices of government interference which may be used when commandeering replaces the price system. Nor is such interference limited to production. A shift of workers to essential industries can be brought about by directly or indirectly restricting personal consumption and thereby the production of consumption goods. By rationing consumption labor can be set free in such fields as tobacco, chocolate and textile production and can thus flock into war industries.

In a war of long duration compulsion cannot be avoided. Without governmental coercion employers compete in securing the services of skilled labor; they bid against one another and thereby create confusion. On the one hand, workers move restlessly from place to place in the hope of ever higher wages. Grosvenor Clarkson has said of the American labor situation in the first year of the World War, "the word chaos is the only one that fits." "The merry-go-round of labor," he declared, "caused hundreds of thousands of restless men to put in a large part of their time traveling from an old job to a new one in a very dementia of mass migration which congested passenger traffic and turned manufacturing establishments into mere junction points where the victims of the wanderlust changed trains."¹⁰ On the other hand, in a free eco-

¹⁰ Grosvenor B. Clarkson, *Industrial America in the World War* (New York 1923), pp. 285, 246.

conomic order necessary transfers are delayed by imperfect knowledge of future prospects, by a general tendency to procrastination, by the hope that one's own occupation may be maintained, by the disinclination of some types of workers to change their occupation. In Great Britain and the United States voluntary reduction of non-essentials was not sufficient to effect the shifting of labor forces and to put an end to the pilfering of labor by competing employers.

Great Britain is an example of a country which sought to avoid labor conscription, making every possible effort to use other means, and yet came very close to it. The British government tried volunteer labor service. When this proved inadequate it restricted the amount of skilled labor that certain firms might engage;¹¹ it classified the trades and prohibited the entrance of labor into those that were non-essential;¹² it tied munition workers to their jobs and made it illegal for a new employer to take them on within six weeks without a certificate of discharge from their previous employer.¹³ Thus despite the British government's intention to avoid compulsion, mobility of labor was so much restricted as to give employment in war industries more or less the character of military service. With all quasi-compulsory measures, however, Great Britain was far from having solved the problem of labor distribution when the end of the war ended her troubles.

At the end of the World War no belligerent country was far from industrial conscription. Canada and several states as well as towns and cities of the United States had introduced laws obliging all able-bodied persons—sometimes even including women—to find employment in necessary work for the

¹¹ Humbert Wolfe, p. 233. This so-called embargo system was killed by a strike in 1918.

¹² Defense of the Realm Regulation 8A.

¹³ Munitions of War Act of 1915, Section 7. The leaving certificate had to be repealed in October 1917.

protection of the welfare of the state.¹⁴ No use seems to have been made of these laws. Italy introduced registration of all civilians for voluntary labor in February 1918,¹⁵ and forecast conscription in case of insufficient voluntary registration. In Austria general industrial conscription had been planned when the war ended.

Germany took the radical step of introducing industrial conscription of capital and male labor. The National Auxiliary Service Law of December 5, 1916,¹⁶ empowered the government to shut down all services and all production not needed for war purposes or the bare maintenance of the population. Recruiting factories did not always mean closing their doors; for most plants it meant an adaptation to war needs. There was a requisition of male civilians between 16 and 60 years of age, and compulsory service according to directions given by the ruling authorities. Employers were not allowed to take on a worker within two weeks of a previous job unless he had a leaving certificate from his previous employer. This last effort of despair did not effect any considerable change because most of the male workers were already occupied in war work. But it revealed that the Supreme War Command demanded more supplies of men and materials than the country could provide. Even Germany did not use the highest degree of compulsion, but preserved the private character of labor contracts and free wage agreements.

Industrial conscription reduces the loss of time and energy that is entailed in a slow transition. Also it eliminates part of the confusion, disruption and maladjustment which reorganization brings about in a free system.

¹⁴ *Monthly Labor Review* (August 1917), p. 150; (September 1917), p. 113; (April 1918), p. 277; (June 1918), p. 199; (August 1918), p. 209; Summary (December 1918), p. 329.

¹⁵ *Monthly Labor Review* (September 1918), p. 273.

¹⁶ Reichsgesetz über den Vaterländischen Hilfsdienst.

The labor problem during a war is one of quality as well as of quantity. Industry suffers not only numerically. It loses knowledge, experience and physical strength. Germany is trying to meet the lack of skilled labor in a future war by training all boys at the age of fourteen years in farm work during the so-called country year. Also she compels some industries which are essential for war to apprentice additional labor. She may decide, as has been suggested, to give every person training for war work in addition to his regular education. In fact, her compulsory labor service, which trains the labor battalions needed for various services for the army, is the first step in this direction. This preparation, however, would help for only a short time because mechanization of warfare and the use of air power have created a need for skilled labor within the army. Armored fighting vehicles necessitate crews with high technical training, and since "from one to two hours of inspection and overhaul are needed for every hour of flying time"¹⁷ a large personnel of air depots and repair establishments is required in the communications zone besides "the vast army engaged in the design, production, inspection and shipping of airplanes, engines and armaments from the industrial regions at home."¹⁷

Women constitute the main reserve of labor substitutes at home, but they lack physical strength and most of them also lack training for the skilled trades. This lack necessitates not only emergency training but also the "dilution" of labor, that is, replacement of skilled by semi-skilled labor. Dilution can be effected by subdividing processes, by installing automatic machinery, by upgrading existing labor. During the World War there were revolutionary changes in the division of labor in European engineering industries. Complex operations performed by skilled men were reduced to a series of routine operations, and simple operations were taken away from

¹⁷ R. Ernest Dupuy, *If War Comes* (New York 1938), p. 82.

skilled men. Highly automatic machinery was introduced in place of machinery which demanded a fair amount of technical skill on the part of the operator. Appliances had to be made foolproof. The available skilled workers were concentrated on the most highly skilled types of work. Thus unskilled and inexperienced women could replace skilled and experienced men without actually doing the same work. Devices were used to lighten the lifting, carrying and loading of heavy materials and to facilitate other work for which the physical weakness of women seemed to be a hindrance.

Dilution, however, has its limits. In the munitions industry the enormous increase in production permitted the splitting up of processes and mechanization, but this was not true for all industries. It may not serve at all in a coming war. Dilution was not introduced in this country and, in the opinion of American students, the reason was that industry had already been too highly specialized.¹⁸ We have to consider, however, that the United States did not exhaust her labor reserves so fully as other countries. Despite dilution, in no country could the occupation of women in hard and exacting work be avoided. In most instances women directly replaced men, that is, did the same work as men had done before. They often went in at the bottom and worked their way up to the highest class of job they were capable of performing.

Dilution presupposes the suspension of all trade-union rules concerning jurisdiction and the restriction of new members' training or of the work of certain groups of members such as women, Negroes and unskilled.¹⁹

¹⁸ A. B. Wolfe, "Intensive Industrial Training in War Time," in *Journal of Political Economy*, vol. 27 (1919), p. 754. A study of the New York Industrial Commission explains that there was no time to carry through dilution, and mentions some cases of subdivision of labor (*Monthly Labor Review*, June 1919, pp. 221 ff.).

¹⁹ Great Britain outlawed all restricting trade-union rules in the Munitions of War Act of 1915, following the Treasury Agreement of March 15. In Germany restrictions did not exist.

In addition to the augmentation, redistribution and dilution of labor are the measures which relate to the continuity, intensity and vigor of work. Continuity may be achieved by the abolition or restriction of strikes and lockouts, which in peacetime are usually responsible for much loss of output, not only in the industries in which they occur but also in others dependent upon them. The industrial truce concluded in the belligerent countries after the outbreak of the World War reduced for some time the number and importance of officially organized strikes. Employers and labor, united in the desire not to hinder victory, agreed to come peacefully to terms. During a prolonged war, however, the patriotic impulse will not be sufficient to prevent conflicts.²⁰ In the United States it was not strong enough to prevent them even in the first year.

But prohibition of strikes, like prevention of sabotage, will work only if the government succeeds in abolishing the causes of unrest. Compulsion can neither ban strikes nor prevent soldiering.

The willingness of labor to work with utmost vigor and intensity has to be secured. In the economic field this implies reasonable conditions of work, especially wages adapted to rising costs of living, justice in wages and food distribution,²¹ sufficient food, attention to welfare in the factory and to housing, and restriction of profiteering. Unrest will arise if labor feels that advantage is being taken of its sacrifices.

Increase in hours of work is expedient only to the optimum of physical efficiency, for otherwise overfatigue defeats the object and the effect may be more than offset by an increase of absenteeism and slackening. Increase in output by intensi-

²⁰ During the World War strikes increased in Great Britain in 1915, in France 1916, Germany 1917. The United States had more strikes in 1917 than in 1916, but in 1918 fewer.

²¹ The dictatorships may centralize food supply and distribution and refuse to provide food to groups they consider unimportant for the successful continuation of the war.

fication of the work itself is possible in theory. In practice, however, it would mean a decrease in efficiency, resulting partly from the workers' knowledge that discharge is unlikely, partly from the high rate of wages, and most of all from the overstrain of heavy work, from the lack of food and rest and the general deterioration of health. Restrictions which artificially limit the output would have to be removed. This means the abolition of trade-union rules designed to regulate output, use of tools and the number of machines which one man is permitted to operate.

In brief, consideration of the problem of labor supply leads to the conclusion that in a long war industrial conscription may become as unavoidable as military conscription. All forces of the nation may be needed. In the totalitarian states martial law will be applied in industry,²² and labor conscription will mean the compulsory service of men and women under a military discipline in which strikes will be considered mutiny. Wages in such a system are supposed to correspond to soldiers' pay, with recognition of grades.²³

The distinction between democracy and dictatorship tends

²² Poland, by a decree of 1934, provides compulsory war labor service for men from 17 to 60 years of age and for women from 19 to 45. The German Wehrgesetz of May 21, 1935, decrees the general obligation of every man and woman to turn to national service in case of war, thereby making possible "totalitarian conscription" (*totale Erfassung*). As supplement to the universal conscription law a decree of June 22, 1938 (*Verordnung zur Sicherstellung des Kräftebedarfs für Aufgaben von besonderer staatspolitischer Bedeutung*), obliges all German men and women to labor service, whether they are gainfully employed or not. Under this order anyone may be transferred from his present place of employment to another deemed "more urgent for the well-being of the nation," or may be required to undergo some special training. As yet the authorization has been used mainly to commandeer workers for building fortifications in the Rhineland. The decree has definitely abolished freedom of movement for all workers.

²³ Hesse, p. 39.

to disappear during a war. Dictatorships, too, need the consent of the people. They can command them to work, but not to do good work. With the masses in arms it may become necessary for dictators to take labor into partnership. On the other hand, democratic governments will be driven into centralization, concentration of authority, co-ordination of administration, planning and compulsory enforcement of their plans. However distasteful such a development might be to the Anglo-Saxon mind, the necessity for concentration and intensification of strength will leave no other solution. No disordered and chaotic labor force can match the organized force of dictatorship. The trend in any totalitarian war will be to transform the country into an immense camp in which no one is free.

II

The same force that drives belligerent countries to industrial conscription in order to avoid loss of time and energy drives governments to interfere in conditions of work. Great Britain during the World War was again an example of how a government disinclined to interference may be dragged into regulation of wages.²⁴

²⁴ Only until July 1915 were wages left to agreements and competition. The first Munitions of War Act of July 1915 provided that in controlled munitions establishments changes in the rates of wages or salary should be made only with the consent of the Minister of Munitions. Compulsory arbitration was adopted. The amendment in 1916 (Section 7) gave the government power to take the initiative in wage regulations. It provided that the government might regulate the wages of women in munitions production and of certain classes of unskilled and semi-skilled men replacing skilled men in controlled establishments. The Minister could fix wage rates for practically all women in war work, thereby influencing indirectly the standard of all women's wages. The control of wages was imposed too late, however, to prevent a considerable divergence from the peacetime ratio of wages. In the United States, too, regulation of wages could not be left to

From the workers' point of view the wage problem during a war is partly one of adjusting wages to the rising cost of living, partly one of preventing dilution from undermining skilled standards, partly one of exploiting a situation of unusual shortness of labor supply. During the war, when the government is the dominating customer, the financial interests of employers and workers are the same, especially in government cost-plus contracts where increase of labor costs increases the profits. This common interest conflicts with the public's interest in preventing a general rise of prices, though a price rise threatens in any case because of the inflationary methods of financing war. If the government does not control wages sudden changes occur which bring wages into closer correspondence with wartime economic needs without relation to peacetime commercial conditions. As speed is the vital matter in a war and cost a matter of secondary importance, and as strikes have to be avoided by all means and labor is conscious of its indispensability, wage demands are usually granted. In the course of a protracted war, however, it may be felt necessary to protect the national economy against the pressure for higher and higher wages, and governments may try to stem the increase.²⁵

And yet labor does not gain. Wage rates in European countries during the World War tended in the first three years to increase less rapidly than the cost of living. In Great Britain

the free play of competition, though "the war was over before a satisfactory scheme for 'wage fixing' was actually put into practice" (*American Industry in the War*, a report of the War Industries Board by Bernard M. Baruch, Washington 1921, p. 88).

²⁵ In the United States at first "the leading consideration in determining government labor policy was the fear that labor standards would be lowered by the war." After the spring of 1918 wage fixing was intended to standardize wages over wide areas and to prevent enticement by establishing maximum rates (George E. Barnett, "Trade Unionism and Standardization of Wages," in *Journal of Political Economy*, vol. 27, 1919, pp. 679 ff.).

they matched the latter's rise in the last year.²⁶ Earnings increased more rapidly than wage rates because no cut was made in piecework rates when output and machinery increased, overtime became normal, and waiting for material disappeared. The best available data for the United States indicate constant real earnings until 1918 and a fall in that year.²⁷ In Germany only the wages of munitions workers kept pace with the rising cost of living.²⁸ All general statements are wrong, however, because they conceal the wide diversity in the situations of different groups. A serious problem in the World War was the inequality of wage movements: there was a conspicuous variation between the wage scales of war-demand industries and those of other industries, and the differentials between skilled and unskilled wages disappeared.

In spite of the upward trend of wage rates in a long war, labor will not succeed in securing a higher standard of living, for its living standards suffer at the same time from many other causes. They are seriously impaired by the lack of leisure and of comforts. The necessity for industrialization creates conditions like those during the industrial revolution, though modified by the scarcity of labor. During a war the chief concern of the government is to squeeze out as much work as possible for immediate use. This means using up human capital: protective laws are suspended; women and

²⁶ Arthur L. Bowley, *Prices and Wages in the United Kingdom, 1914-1920* (Oxford 1921), p. 106.

²⁷ Jacob Viner, "Who Paid for the War?" in *Journal of Political Economy* (1920), p. 68. Paul Douglas (*Real Wages in the United States, 1890-1926*, New York 1930, p. 108) comes to an index of 98 in 1917 and 99 in 1918 for real hourly earnings in all manufacturing industries (1914 = 100).

²⁸ Waldemar Zimmermann, "Die Veränderungen der Einkommens- und Lebensverhältnisse der deutschen Arbeiter durch den Krieg," in Rudolf Meerwarth, Adolf Günther, Waldemar Zimmermann, *Die Einwirkung des Krieges auf die Bevölkerungsbewegung, Einkommens- und Lebenshaltung in Deutschland* (Berlin 1932), pp. 468 ff.

children are mobilized for industry and agriculture, and excessive hours of strenuous work overtax their energies. In addition to their unsafeguarded drudgery in industry, in addition to household work and difficulties in getting food, women have the burden of caring for fatherless children in a shattered home. No margin of leisure time is left to them. Many work at night and do not sleep during the day.²⁹

Children and adolescents are turned to gainful work instead of being given a training. Apprenticeship falls into disuse because rapid output is needed, because the supply of raw materials is decreased, because the skilled workers who instructed the children are drafted and high wages attract the latter into unskilled work. Education becomes unimportant in comparison with the consuming need for the tools of destruction. Children change from one blind-alley employment to another. There is a reminder of the early nineteenth century in reading in British reports that in some cases children under 14 years old had a 48-hour week and that boys of 18 were found to be working an average of over 80 hours a week, and even up to 100 hours.³⁰ The *Final Report* recommended in 1918 that "so far as possible" the employment of boys under 16 years of age be avoided for more than 60 hours a week, or at night.³¹ School attendance laws were relaxed by local authorities so that children of 11 might be totally exempt if farmers wished to employ them. Boys earned high wages and tended to become drifters, moving from place to place in search of

²⁹ "Undoubtedly many women are only able to keep working by a total abandonment of all recreation or social intercourse" (Great Britain, Ministry of Munitions, Health of Munitions Workers Committee, *Final Report*, London 1918, Section 20, iv, 9).

³⁰ Great Britain, Ministry of Munitions, Health of Munitions Workers Committee, *Interim Report*, London 1917, p. 103.

³¹ The report of the Ministry of Reconstruction on *Juvenile Employment During the War and After* (London 1918) mentions that in Leeds about 50 per cent of the boys between 13 and 14 were employed in industry.

higher wages. They lacked parental supervision and were forced into a precarious maturity.

Lengthening of the working day, night work, Sunday work, exposure to the risk of industrial disease, speeding up, undernourishment and faulty sanitation lead inevitably to an impairment of the workers' health.

There are other characteristics which recall the industrial revolution. New towns of cottages and emergency shelters grow up around munitions factories. Men and, even more, women are shifted from the country to the city, and material and labor to provide adequate housing are lacking. Barrack hostels with large dormitories are hastily built up. Private homes take in lodgers. The lack of food, coal, light, soap makes life as unpleasant as in direst poverty. Overstrain increases as a result of the nervous tension of war, of sorrow and bereavements.

It is hard to picture how the civilian population will live in a coming war. Pressed together in dark cellars during air raids, its houses and property destroyed, in constant fear that the next attack may exact still more—no wage can compensate for that.

Is there any other compensation? In raising this question we come to the fate of trade unionism and labor's political power during a war.

III

At the outbreak of a war trade unions are weakened because they lose members through mobilization, and thereby part of their income. Experienced officials are lost to the army. After two years of the World War 69.9 per cent of the members of the German socialist unions had been mobilized.³² But

³² "Die Kriegsstatistik der freien Gewerkschaften," *Statistische Beilage des Korrespondenzblattes* 1920, no. 1.

during the course of a war membership rises again. In Great Britain membership increased during the whole period of the World War. In Germany the women who replaced men looked at first on war work as temporary, and thus the trade unions lost heavily in the beginning, but a revival of trade-union membership began later when women acquired more sense of solidarity. In the last part of the World War the numerical strength of several trade unions surpassed prewar membership.

The trade unions have to adjust themselves to a changed membership and to new tasks. They do not pay strike benefits but they may have to help soldiers' families. The changes influence them in structure and organization. During the World War they experienced a considerable consolidation of forces and, because negotiations with the government had to be centralized, the power of central organs increased. An increased measure of common action was forced upon the unions. In Great Britain even though amalgamation was hampered by legislation it was prepared during the war and actually carried through at the end of it. The same process of concentration occurred in Germany.

Another change in the inner structure may occur where skilled and unskilled workers are not organized in the same unions. Dilution is regarded by the skilled workers as a menace to their status but it improves the status of the unskilled and increases their importance. This closing of the gap in status and recognition between skilled and unskilled workers may lead to friction between the groups. After the war, though dilution tends to be scrapped and trade-union rules may be restored, there can be no return to the status quo ante. The change in relations and attitudes between the skilled and less skilled grades of workers leads to more co-operation between them.

The strength of organized labor increases during a war.

Labor is sure of employment. The intensified demand gives it a monopolistic power, enables it to exert irresistible pressure for wage increases. Government compels employers to waive discrimination against organized labor. Capital is interested in full exploitation of the war boom and agrees to co-operate. Organized labor may attain a strength it has never had before in reward for its loyal enlistment.

In Germany during the World War labor succeeded in obtaining the removal of restrictions on freedom of association and in securing privileges in food distribution.³³ When labor conscription was introduced in Germany the trade unions were consulted before the introduction of the bill and they were able to impose their conditions. In democratic countries organized labor is consulted on questions of industrial policy and is called to assist in administration and jurisdiction. It co-operates in all branches of welfare work, in the care for disabled soldiers, in the distribution of food.

Labor, however, has to pay for its gains. It has to give up vested interests and the right to strike. Its bargaining power is restricted by the need for quick changes in wages, which the machinery of collective bargaining is too cumbrous to achieve, by government control of wages and by compulsory arbitration. Its mobility is restricted. At the end of a long war trade-union power seems to be not only enormously increased but at the same time endangered, because it is based less than before on the sacrifices of members and on the fighting energy of the unions themselves. They tend to become a state-guaranteed institution.

That it is not always an advantage to assume government functions was recognized by the British engineering unions when they were permitted to issue cards exempting members from military service. The singling out of a few unions for

³³ In respect to nourishment the population was divided up according to its importance for war, with munitions workers at the top.

special privileges produced dissatisfaction. Railway engineers "found themselves exempt if they belonged to one union and conscripted if they belonged to another."⁸⁴ Still more desperate was the plight of trade-union leaders who had to decide the fate of their own members. The scheme failed and after a short time had to be withdrawn. If the union becomes a quasi-organ of the state, dissatisfaction with the government may turn against trade-union leaders. The removal of union officials to government jobs also tends to widen the distance between leaders and members. Rank-and-file movements may ignore and defy the orders of the leaders: the shop stewards in England, the works councils in Germany, as organs of the rank and file challenged the trade-union form of organization at the end of the World War. These new organizations secured concessions from individual employers without regard to trade unions and turned from industrial to direct political action.

In regard to trade unions' economic power there is a turning of the tide when the disproportionality which every war creates reveals itself in economic crises after the war. With growing unemployment trade unionism turns from aggression to defense, and many of the gains of the war may be swept away. How large the retreat will be is a question also of political power.

Although organized labor is opposed to war, it is not able to pull down the pillars of militarism and prevent war. It was in vain that all national and international labor movements pledged themselves before the World War to maintain peace. Instead of making "a desperate appeal to revolutionary force" as Jaurès had demanded,⁸⁵ the labor organizations in all belligerent countries supported their respective governments in trenches, parliaments and shops. The national tie proved

⁸⁴ William Aylott Orton, *Labour in Transition* (London 1921), p. 82.

⁸⁵ *L'armée nouvelle* (1915), p. 461.

stronger than allegiance to class, and it cannot be doubted that a future war will arouse the same emotions. Once the war is an established fact, labor has a strong interest in preventing defeat. Moreover, labor's world power has suffered a severe setback by the destruction of the labor movement in fascist countries. In Russia class interest and national interest have become identical. The will to peace is weakened in the labor movement by the aggression of the hated fascist countries. In the United States pacifism has always been secondary in labor circles. Prevention of war by labor's initiative is utopian.

As we have seen, identification with the government increases labor's power during the war. The carrying out of the military program requires the consent of the masses, and, in democratic countries, the government needs the labor leaders as interpreters of its policies to the rank and file. Labor's political recognition increases. During the World War the British Franchise Act was an acknowledgment of labor's national service. In various countries representatives of labor became cabinet ministers, official envoys, controllers of the food. Labor parties claimed a larger share in government control.

The World War shows, however, that labor will not indefinitely put country before interest. Beside the current of national emotion flows the current of revolt against war. At first the opposition is minor but it grows with the growth of disruptive forces. The wave of enthusiasm is dissipated in the wretchedness of the trenches, in sufferings of the disabled, in privations of families at home. During the World War the masses lost confidence in the governments because profiteering was flagrant and the well-to-do could enjoy things that the poor could not reach. Even if profiteering can be prevented in a future war, there will still be unrest caused by long and arduous work, the high tension of living and skepticism concerning the justification and the aims of the war. In the last

years of the World War disillusionment and war-weariness settled down on the countries like an incubus. In Great Britain "Stop-the-War Committees," "Leagues Against War," "Fellowships of Reconciliation" were founded.³⁶ This mood reached a climax in the Central Powers and Russia, where cold, miserable and dispirited masses were a fertile soil for revolution. Since free opinion was suppressed, unrest grew beneath the surface. In Germany strikes occurred as an indication of the desire for peace.

Labor, however, is not the only revolutionary force during a war. Another fertile field is the army behind the front. The front is not primarily susceptible to revolutionary sentiment, even though the ordeal of the trenches is incomparably more deadly than that of the shop and the army at home; the common danger unites officers and men. Even the unwise policy of the German and British governments of sending strikers to the front in punishment for their activities, providing thereby propagandists for revolution, did not lead to the outbreak of a revolution at the front. But to the crews of battle-ships, to reserve battalions and garrisons at home, enforced idleness gives plenty of time to brood over privations and wrongs. The revolutions in central Europe and Russia were not so much the socialistic rise of labor against the existing economic order as revolutions for peace. They were started as soldiers' revolutions behind the front, caused by unwillingness to fight, distrust of officers, comparisons of differences in food in the officers' and privates' mess. And as soon as the soldiers had started the revolt the rank and file of labor joined enthusiastically. Whether a future war will produce other causes of revolution by military operations behind the front, such as attacks on the civilian population, cannot be predicted.

Whether revolution comes or not, the masses who bear the

³⁶ Orton, p. 65.

brunt of the war will be disappointed. Physically and mentally exhausted they return to poverty and unemployment. Their increased power will very soon be challenged. The price labor pays in pain of body and anguish of spirit, in wounds and death and economic distress, does not bring it any profit, not even if the war ends in national victory and expansion. The worker does not return loaded with booty, as did the soldier of antiquity. However large a power labor may obtain in the control of public life, the sacrifices it makes during the war are made in vain.

XIII

ENEMY PROPERTY IN WAR

By RUDOLF LITTAUER

I

LAW reports rarely interest anyone but the lawyer seeking technical points with which to bolster his client's case. He will read them for the legal principles they may yield, taking scant notice of the facts behind the decision, which outline, as a rule, merely an isolated dispute between individuals. Sometimes, however, he may hit upon an exciting story and pause to observe that the court, as a result of days and weeks of oral and documentary testimony, has collated the facts and written the details of a historical event of the greatest importance.

Such a decision is to be found in *United States v. Chemical Foundation*, 5 Fed. 2nd 191 (1925), which unfolds the arresting story of the treatment of alien property in the United States during the World War. In this case the United States sued the Chemical Foundation, a corporation which had been formed in 1919 by the Alien Property Custodian (A.P.C.). The A.P.C. was an official to whose administration an act of Congress had handed over all property of German and Austrian subjects. He had sold to the Chemical Foundation 4500

chemical patents, all formerly owned by the German and Austrian chemical industries, together with trademarks and copyrights. The terms of this sale had been very simple. All patents had been sold at fifty dollars each. Stockholders of the new company were taken from a large group: any member of the American chemical industry who cared to subscribe to the stock had been welcome. The corporation under its charter issued non-exclusive licenses for the use of its patents to all qualified American manufacturers.

The plaintiff, the United States, demanded the reassignment of all patents, trademarks and copyrights sold to the defendant, and an accounting of all profits derived from these properties. The United States based its claim on the ground that the A.P.C., by his sale to the Chemical Foundation, had exceeded the powers conferred upon him by statute and that what he had done was in effect a confiscation of alien property which could have been effectuated only by an act of Congress. In so far as the A.P.C. had acted jointly with members of the American chemical industry, unlawful conspiracy was charged.

The court held against the government. It delivered a carefully drawn opinion in which the action of the A.P.C. was justified by arguments that sometimes sound strange to a reader today who cannot easily recall the excitement and partisanship of wartime and postwar days. The opinion begins with a history of the entire development that led to the conflict. In October 1917 Congress enacted the Trading with the Enemy Act. This statute, in its original version, provided for the seizure and public administration of all enemy-owned property and money found within the United States. The A.P.C. was appointed as a trustee whose powers and duties were limited to the administration of the properties seized under the act. The trustee, acting in accordance with the terms of the statute, took over enemy properties worth 400

million dollars. Among them was the property of business concerns engaged in manufacturing war supplies for the Allies.

The A.P.C. was soon confronted by an acute conflict of interests. As the court says, it became "obvious that if, after the war, enemy property and its earnings were to be returned to the enemy owners they would reap large war profits which the custodian had made for them." Such a result of his activities appeared the more undesirable to the A.P.C., as German investments were "in large parts owned by the Junker class, and no inconsiderable part by the Royal family, and even the Kaiser himself." Also the A.P.C. disliked the idea of working for the benefit of German investors because he claimed to have found that "large portions of the property formerly in the hands of German investors had had definitely hostile effects upon the interests of the United States."

The court furnishes examples to illustrate this latter charge. The German firm of Orenstein & Koppel was engaged in the business of installing railroads inside American plants. The court claimed that it had turned over its plans of such plants to the Berlin authorities. German fire insurance companies had done the same with industrial plans obtained by them from their American companies. The Bosch Company, a manufacturer of electrical apparatus, had allegedly taken orders for the manufacture of war supplies only in order to damage the Allies by passive resistance, thereby harming the interests of America. The Hamburg-American Line and the North German Lloyd had kept records of every cargo movement. Other firms had cornered the market in coal and tar products in order to hamper the manufacture of ammunition for the Allies. But above all, the A.P.C. found it unbearable that the American chemical industry, engaged in the manufacture of dyestuffs and medicinals, was completely dominated by the Germans. As proof of the importance of this

fact, both in peace and in war, two documents are quoted. Before the declaration of war by the United States the German Ambassador had cabled to Berlin: "German embargo could put out of work four million United States workers." And the German Consul General in New York had cabled: "I may mention that the cry for help which comes from the world of physicians is becoming more and more insistent."

All this, in the A.P.C.'s opinion, showed that the powers conferred upon him in the original Trading with the Enemy Act were not sufficient. Therefore he directed the attention of Congress to the question of what was to become of the property administered by him when the war had terminated. He submitted that in his opinion the mere power of administering and preserving the alien property, as vested in him, was insufficient. Congress heard his plea and by an amendment to the statute in March 1918 empowered him to sell enemy-owned business concerns to United States citizens.

The A.P.C. began to make use of his power, and effected numerous sales of alien business concerns. After a while, however, he took the stand that it would be more desirable in the interest of American industry to sell only enemy-owned patents and to retain the empty shells of the old concerns under his continued administration. After a new request from him Congress in November 1918 again amended the statute and authorized him to sell enemy-owned patents, trademarks and copyrights separate from the enterprise which had previously owned them.

In employing this new power conferred upon him the A.P.C. had another disturbing experience. He sold at public auction the extremely valuable patents of the Bayer Company, a famous German chemical concern. The highest bidder was the Sterling Products Company of West Virginia. Within a short while the A.P.C. discovered that some of the directors of that company had German names. Immediately an investi-

gation was started which resulted in the finding that no enemy interests were behind the purchase. Nevertheless, as the court puts it, "these possibilities were portentous." It was then that the A.P.C. conceived the idea of so disposing of the German patents as to create an indigenous American chemical industry; thus he formed the Chemical Foundation, to which he sold all patents, without regard for their value, at a uniform price of fifty dollars each.

The court held that the plaintiff's charge of conspiracy was unjustified since the entire scheme had been conceived by the A.P.C. alone and not in co-operation with the American chemical industry. The court further held that no confiscation of property had taken place, as the fifty dollars paid for each patent was more than a merely nominal price. The court conceded that some of the patents, as for example that covering the Haber nitrogen fixation process, had been valued by experts as worth exceedingly high sums of money. It found, however, that many of the processes covered by the patents had not been fully disclosed. This finding was sufficient basis, in the opinion of the court, for declaring that the patents on the average were without substantial value to the American chemical industry.

This case contains a demonstration of all the problems involved in a discussion of alien property in wartime. Its implications form a valuable background for a methodical consideration of the subject.

A certain delimitation of this subject is necessary. I shall not deal with property of alien enemies which is found and seized on the high seas or in land warfare on territory occupied by a warring army. In the following pages I shall consider only the problems pertaining to property found within the territory of the nation at war. Two possible treatments of such property should be distinguished: it may either be

sequestered, that is to say, taken into the administration of a public official of the country in which it is situated, with the intention of releasing it to its original owners after the war; or it may be confiscated, that is to say, taken away forever from such owners.

II

There is no doubt as to the attitude toward enemy property in early times. Gaius declared that the law allows anyone to appropriate enemy-owned property, and, similarly, the digests say that enemy property may be taken by any person who finds it. This rule seems to have prevailed up to the late Middle Ages.

When the right to appropriate slowly shifted from the individual to the government the way was opened for a legal regulation of the seizure of enemy property. Moreover, the government did not always desire the goods of the alien which were subject to its seizure. Often it wanted money instead, and was ready to give the enemy alien an opportunity to redeem his property by the payment of tribute. This seems to have been an entirely lawful procedure up to the eighteenth century.

At that time a number of writers began to work on the establishment of legal principles which would govern the intercourse of nations. The first treatise on international law discusses extensively the problem of alien property. Hugo Grotius, in *De jure belli ac pacis* (III, 4, 9), reviewed the old Latin sources and reaffirmed that the law allows enemy property to be taken by the state. He declared it to be his opinion, however, that by the precedents the taking of property was not sanctioned but was merely not punishable by any law. In line with his general progressive and humanitarian inclinations he continued by holding that this right of appro-

priation by the state should not be exercised if it is inconsistent with the rules of piety and morality.

This opinion of Grotius was destined to play a great role in the future, but the old rule dominated legal practice and literature for another century. It was not until Rousseau reformulated the recognized rule that there was a decisive change in its application.

What Rousseau advocated had been advocated by Grotius before him. Both writers urged that the property of individual aliens should not be seized, but Grotius had appealed to morality and piety while Rousseau established a logically cogent reason for his demand. "The war is no relation of man to man," he said, "but one of government to government. The individuals are only accidentally enemies, not in their capacity as human beings, nor as subjects, but as soldiers, not as parts of their country, but as its defenders" (*Contrat social*, I, 4). Rousseau thus established an entirely new distinction, that of combatants and non-combatants. This was an understandable and rational distinction, corresponding to the contemporaneous development of standing armies; it based the issue on natural law rather than on an appeal to morality.

After Rousseau the laws of the various countries concerning enemy property can be divided into two groups: those which followed Grotius, declaring that enemy property could but should not be seized; and those which followed Rousseau, declaring that non-combatant property was inviolable.

The Continent generally followed Rousseau. German military writers have often been quoted as showing disagreement with Rousseau, but this disagreement can be found only in their statements on general principles of warfare and not in regard to the particular problem of enemy property. In 1871 the German government did not make any confiscations of enemy property. The official attitude was expressed in a proclamation of Wilhelm I on August 11, 1870, in which he

declared: "I am at war with the French soldier and not with the citizens of France. The latter will therefore continue to enjoy absolute security of their person and property."

In France Napoleon, in 1793, had ordered that all English private property on French territory be confiscated. In 1806 his order was embodied in the Continental Embargo. This measure, however, was expressly justified as a retaliation for English violations of law.

England and America held to the Grotius doctrine. In 1814 Chief Justice Marshall wrote an opinion which affirmed the old law granting governments the power to confiscate enemy property: "The mitigations of this rigid rule which the humane and wise policy of modern times has introduced into practice, will more or less affect the exercise of the right, but cannot impair the right itself." This seems to mean even less than the Grotius doctrine: forbearance from exercising the unconditioned right to confiscate has established a usage which may or may not be followed by governments in the future. The only practical deduction which Marshall drew from the fact that the right should not be exercised was that the government could not confiscate as a matter of course as soon as war was declared, but that confiscation must be ordered by an act of Congress. Kent, however, declared explicitly that the right to confiscate is "a naked and impolitic right, condemned by the enlightened conscience and judgment of modern times." Here the Grotius idea is more clearly visible, but Kent too does not deny the legality of confiscation.

This attitude of courts and legal writers was not followed, however, by the actual treaty practice and statutory enactments of the United States. In these fields protection of the non-combatant and his possessions was clearly recognized throughout the nineteenth century. The records show only one case of statutory recognition of a right of confiscation—a Confederate State Act of 1861—but even this act applied

mainly to war materials. During the earlier history of the United States two treaties were concluded in which the property of enemy subjects was protected or restored. The Jay Treaty of 1794 contained an agreement between the United States and England never to confiscate the property of private owners. In the treaty of January 8, 1802, the United States promised to pay three million dollars to British subjects in order to make good certain acts of confiscation practiced against them during the revolutionary period by certain states. A number of treaties provided that on the outbreak of war citizens should have a certain time within which to withdraw their property or even that they would remain unmolested. Finally, in 1867, the Supreme Court too, in *Hanger v. Abbott* (6 Wall 532), quoted Kent's statement about the "naked and impolitic right" in a decision prohibiting commercial intercourse with the enemy.

This treaty practice was based on a new argument justifying the inviolability of enemy property. So far there had been only Rousseau's theory, which distinguished between combatants and neutralized non-combatants, and Grotius's theory, which requested protection of enemy property in the name of civilization. Now Alexander Hamilton, in his *Camillus* letters, advanced certain new ideas in the course of a defense of the Jay Treaty. His arguments were threefold. First, he held that whenever a government grants permission to foreigners to acquire property within its territory it distinctly promises protection and security; to make individuals and their property a prey is to infringe every rule of generosity and equity, to add cowardice to treachery. Second, the property of foreigners within a nation's territory has paid valuable consideration for its protection and exemption from forfeiture, because that which is brought in has as a rule enriched the revenue and is liable to the treasury. Third, property brought into a ter-

ritory is a deposit, and the society is a trustee that must not breach the faith lodged in it.

These three points constitute a typical statement of the attitude of conservative capitalism toward the problem of alien property. Economic peace for the development and security of capital investment must be guaranteed if industry is to thrive. Every relationship between the government and the capitalist must be reduced to contractual terms so as to create for the individual clearly defined rights which he may enforce in the courts. All three arguments are focused on the idea that the alien who has brought his property into a country before a war has made an agreement with the government which cannot be breached in wartime. Seizure of enemy property during a war makes for undesirable insecurity in the field of international business relations.

In the beginning of the twentieth century these ideas, derived variously from Grotius, Rousseau and capitalist ideology, were firmly established. All textbooks on international law could safely report it to be a settled and unchallenged rule that the private property of enemy subjects is inviolable. True, there were some older precedents to the contrary, but it seemed obvious that in view of the unanimity of treaty practice and legal literature these precedents could be considered obsolete. There was some basis even for the opinion that a rule against seizure of enemy property had been recognized in an international treaty system. Section 46 of the Territorial War Regulations accepted at The Hague in 1907 and ratified by twenty-three countries read as follows: "The honour, the rights of the family, the life of the individual and private property, as well as religious convictions and the exercise of religious services must be respected. Private property cannot be confiscated." A number of legal writers, mainly on the Continent, construed this section as prohibiting the confiscation of enemy property in general. Certain English and American

writers, however, held that this provision applied only to property found in occupied territory.

Nevertheless it seems that at the beginning of the twentieth century there was in general no real distinction between Anglo-American legal opinion and that of continental Europe. During and after the war German writers liked to point out a difference in the "concept of war" in England and in Germany. They were in a position to mention old Anglo-American precedents which followed the Grotius tradition, and they could also mention differences in the construction of Section 46 of the Territorial War Regulations; but English and American practice made any such difference appear merely theoretical. The arguments of Rousseau, Grotius and Hamilton were recognized and followed by the practice of all countries.¹

III

In the very first days of the World War this entire tradition built up in the course of a century or more broke down completely. There is no doubt that England was the first offender. English courts began to develop a number of new rules. At the outset they had to decide a question which pertains only indirectly to the problem of alien property: whether trading with the enemy, that is to say, commercial transactions of any kind with alien enemies, whether domiciled within the country or abroad, could be allowed to continue. The courts did not hesitate to refer to the older common-law rules and to hold that by the mere fact that a state of war existed any trading with the enemy had become illegal.

The courts went beyond this holding, however, and enunciated broader principles that laid the foundations for future developments. Rousseau's distinction was expressly refuted.

¹ Cf. Norman Bentwich, *The Law of Private Property in War* (London 1907).

It was held that "war is war not between sovereigns and governments alone. It puts each subject of the one belligerent in the position of being the legal enemy of each subject of the other belligerent."² This was indeed a surprising change: no restriction in the name of civilization seems to be advocated; no ideological barriers are left to check an unlimited application of the new principles; no trace is left of either the Grotius or the Rousseau idea.

England had enacted a statute which regulated the sequestration of enemy property and enemy enterprises (Act of November 27, 1914). This statute provided for a general sequestration. A Public Custodian was authorized to appoint new directors and to arrange that enemy enterprises be managed for the government. A development set in similar to that which was later to take place in the United States. Originally it had not been intended to confiscate the sequestered property but subsequently arguments were advanced advocating such confiscation. On the one hand it was declared that enemy property should be held and used for the ultimate satisfaction of claims of British nationals against the enemy country. On the other hand economic imperialists demanded a permanent destruction of German influence in British economic life.

These arguments were heard by Parliament and the statute was amended to contain a provision permitting the Custodian to liquidate enemy property (January 27, 1916). Enormous sales were made, resulting in enormous losses for alien owners. A number of technical details made this English legislation the most stringent of its kind. England was the first country to establish the rule that a domestic company of which the stock is held by enemy stockholders should be considered as an enemy. Thereby an additional number of enterprises of

² *Daimler & Co. vs. Continental Tyre & Rubber Co.* House of Lords.
2 A.C. 507 (1916).

major importance were added to the list of outlaws. England was also the first country to create the concept of a "constructive alien enemy," by setting up black lists of neutrals who continued trading with the German government.

The extent to which the United States followed the English practice after her entry into the war has already been indicated. The Trading with the Enemy Act of October 6, 1917, creating the office of Alien Property Custodian, was originally understood as a measure intended solely to prevent hostile use of enemy property during the war; the custodian was designated as a common-law trustee. In practice the A.P.C. soon deviated from these principles, with the results that we have seen. Here again economic imperialism prevailed; the contentions of Rousseau, Grotius and Hamilton were forgotten.

The German situation was somewhat different from that in England and America. In the first place, no old precedents existed from which a rule authorizing the seizure of enemy property could be deduced. This gave German jurists an opportunity for complacent self-satisfaction. The Reichsgericht, in a decision dated October 26, 1914, declared: "The German international law is far from agreeing with certain foreign laws which hold that a war should be conducted so that enemy subjects will be damaged as far as possible and that for such reason enemy subjects should be deprived to a great extent of the benefits of the common laws. We rather accept the principle that the war is directed solely against the enemy nation as such."

It is true that at the outset of the war German law contained only certain penal provisions against commercial relations with non-resident enemy subjects. It may be doubted, however, whether it would have been possible for Germany to stick to this principle under the conditions of modern warfare. In any case, the German government was soon given a

good formal excuse to inaugurate a new law. Since France and England had ordered the sequestration of alien holdings Germany justified her own corresponding measures as bearing the character of a retaliation allowed by general principles of international law (Ordinance of September 4, 1914; the French statute, however, was dated September 27, 1914, the English act November 27, 1914).

The climax of the story is reached in the peace treaties. Article 297 of the Versailles Treaty provided that "the Allied and Associated powers reserve the right to retain and liquidate all property, rights and interests belonging to . . . German nationals . . . within their territories," and other treaties contained similar clauses. Further provisions stipulated that these properties should be finally liquidated and used for the payment of private debts and public reparations. The enemy country was told to compensate its expropriated nationals, but this provision was, of course, a futile gesture. The facts were that the holdings were taken away from their former owners and that the Central Powers were in no position to pay any compensation. The only enemy that obtained a special treatment was Turkey. Originally Article 65 of the Sèvres Treaty corresponded to Article 297 of Versailles. The Turks, however, did not submit entirely. In 1921 they defeated the Greeks at Smyrna and as a consequence they obtained a new peace treaty in Lausanne which did away with the stipulations of Article 65.

The United States refused to participate in the Versailles treaty system. Her treaty with Germany, concluded at Berlin in 1921, abstained from ordering a continuance of the liquidation proceedings. Whatever was left after the sales of the A.P.C. was held as security for the satisfaction of the claims of United States citizens against German nationals and the German government. The balance of the sequestered property was released.

IV

A good-sized literature has grown up which attempts to judge the procedure toward enemy property during the World War. On the one side it is declared that sufficient cause existed for deviating from the Grotius and Rousseau traditions because the war had a number of entirely new aspects which made application of the traditional rules of international law absurd.

The proponents of this viewpoint, though deploring the practices during the war, point out that the old distinction between combatants and non-combatants, which lies at the root of the most important rules of civilized warfare in general, became obsolete during 1914-18. They maintain that the World War was much more than a struggle between opposed armies. Millions of men and women were drafted for industrial work and other activities which in fact made them auxiliary military forces. There is no doubt of the truth of this contention, and such a development will be even more apparent in a new war which, as everyone knows, will mobilize and draft the entire population of all warring nations. The advocates of this view also point to the enormous property interests held by enemy subjects in the territories of the belligerent nations. There were 800 million dollars' worth of German holdings in the United States. German bankers had acquired a powerful position in the City of London. England and America could well fear that these properties and business enterprises, if left under the control of the enemy, would be used to injure their national defenses. There may even have been some justification for the accusation that German business enterprises formed the basis for organized espionage in the interest of Germany. Serious observers in this country share this belief. As discussed above, the Second Circuit Court of Appeals held that the presence of foreign industries in

American territory was in itself dangerous. It was emphasized that profits from war orders should not go to the enemy owner, and that the economic life of the nation should not depend on foreign-owned industries.

But although a number of authorities have approved the legislation and treaty practices, and have contended that the old rule of international law which declared enemy property to be inviolable has now been abandoned, there have been opinions to the contrary, especially in the United States. Here the discussion has been carried on not merely for the purpose of justifying acts committed during the past war. The very practical question was at stake whether that part of alien property which had not yet been sold or liquidated should be returned to its original owners. A group of influential jurists fought successfully for the maintenance of the old principle and for the restitution of what was left to the former enemies.

John B. Moore⁸ took particular pains to refute the contention that the last war was in any essential respect different from previous wars and that existing differences would justify an abolition of the rule. He assembled historical facts showing that older wars were bloodier and fought with much more fierceness than the World War and that nevertheless private property, except in enemy territories occupied by the warring armies, was not violated. Charles E. Hughes, at that time Secretary of State, revived the old Hamiltonian capitalist arguments, saying that a confiscatory policy strikes at the foundations of international intercourse, that only on the basis of the security of property once validly acquired is international co-operation possible, and that rights acquired under the laws by citizens of a foreign state must be recognized by force of the international obligation.

⁸ *International Law and Some Current Illusions* (New York 1924), and "Fifty Years of International Law," in *Harvard Law Review*, vol. 50 (1937), p. 421.

In considering these conflicting arguments it is obvious that the opinion of each side has its merits. Considerations of humanity, of the reasonableness of a distinction between combatants and non-combatants, of the desirability of security for private property for the sake of maintaining international trade, are all very convincing in themselves. In my opinion, however, the substantiation of these principles cannot be based, as Moore attempts, on a denial that warfare is different today. Warfare in the twentieth century is certainly different from what it was at the time of the Thirty Years' War or even the American Civil War and the Franco-Prussian War. Today every government must employ the entire war potential within its territory and it must take notice of economic power which is under control of the enemy.

It seems to me that the right of every warring government to sequester enemy property within its domestic territory must be acknowledged. To hold otherwise would be to prevent justified acts of self-defense, and would indeed result in an unenforceable command. The circumstances are different, however, in regard to a permanent confiscation of enemy property. No factor of the situation can justify such a procedure. Only advocates of economic imperialism could have a case for confiscation, and even they must realize that any attempt to eliminate a competitor once lawfully admitted, because his competition has since become too noticeable, is a breach of faith which may in the end turn against themselves.

In order to reach the core of the dispute it is better to deviate from the traditional arguments. The question to be answered is whether recent legislation and treaty practices, or the facts justifying such legislation and practice, have abolished the established rule of international law prohibiting confiscation of enemy property; more generally the question is whether any rule of international law can thus be abolished.

There is no doubt that such a question leads into a veritable hornet's nest of insoluble problems. International law is a very peculiar growth. It is not created by a legislature, nor is it protected by any law-enforcing agency. As a consequence it is impossible to define how rules of international law are effectively changed or abolished. There are schools of thought that hold international law to be not law at all but mere practice. These schools would hold that any change in practice effects of itself a change in international law. Other schools develop intricate tests of what is recognized international law and how its rules can be changed.

These dogmatic niceties are not essential if we regard the question of change from the point of view of ethical demand and practical possibility. For this purpose international law may be defined as a practicable rule of self-restraint which is, or was, or should be recognized by the various nations. From this position it is plain that violations of the rule, such as those which occurred during the last war, can in no way be regarded as abolishing the rule itself. Self-restraint of warring nations is essential to civilization. Every increase in self-restraint takes mankind one step farther away from savagery. Whenever—often after centuries of dispute and opposition—the nations have finally embodied some new method of self-restraint in a rationalized rule, no one should be allowed to lower the standard of civilization expressed in that rule by setting up one less civilized. It may not be within the power of the world to compel dissident nations to abide by the better rule, but no one in the world should recognize the worse rule as a rule of law.

Of course it should not be attempted to uphold a rule which has, in the course of time, become impracticable. A rule is the rational solution of a typical conflict of interests. It is applicable only where in a particular situation this type of conflict reappears. When in the course of time the typical

situation has changed to such an extent that what was formerly typical has become untypical, then the rule has lost its reasonableness and should no longer be applied. Its continued recognition would be a quixotic attempt to pursue dreams of bygone times in the changed life of today. It is for this reason that sequestration of enemy property is justifiable in our days of "total war," even though in previous times it was not. But the existing rule against confiscation of enemy property should stand as a settled rule of international law.

There are plenty of reasons to doubt whether the nations will follow this rule in the next war. It is obvious that the choice of at least some of the belligerents will be a ruthless pursuit of military goals rather than self-restraint in the name of civilization. We need only remember what has happened in Barcelona and Hankow to see the signs on the wall. The only open question is whether those who would wish to preserve civilization should feel themselves bound by the law in spite of unlawful actions of their enemies.

Faced by the actions of an unprincipled enemy, a warring nation will hardly be in a position to wage a fair battle. Self-restraint at such a moment may mean a dangerous prolongation of war; it may cost bloody sacrifices; it may in the end jeopardize civilization itself. Very probably there will be little choice for any nation. Once the war has started and one party has begun to disregard the law, the other party will follow suit, justifying its measures as necessary retaliations. Probably a great many recognized rules of law will be thrown overboard. That it will go to the limits of plain barbarism does not, however, seem believable. In any case, one way of avoiding such a development is to make it clear from the outset what law is and what a violation is. For this purpose we should continue to call law only what is based on self-restraint and civilization, and not what is resorted to for purposes of self-interest and sheer brutality.

XIV

THE PHILOSOPHY OF POWER

By *ALBERT SALOMON*

I

POWER becomes a subject of philosophical inquiry whenever its factual manifestation gives rise to political conflict and social change. In such situations thoughtful men are led to consider the place and the function of power in the social world and to examine its implications. The problem lends itself to different avenues of approach depending upon the specific conditions of life and the traditions of thinking that prevail in a given period, but, in general, the philosophical analysis of power inevitably involves an inquiry into the relation between power and religious or moral norms.

The statesman may envisage power as an end in itself; the philosopher should always consider it as a means toward an end. The history of the philosophy of power reveals the varying degrees to which philosophers in different social situations have remembered this standard. Power can be adequately understood only by an analysis of its bearing on law and order, on individual and collective conduct, that is, on aspects of life which are not wholly explicable in terms of power. In a somewhat simplified way it may be said that the under-

standing of might requires an understanding of its relations to right.

Even the important problem of the distinction between individual and collective power has never been strictly confined to the analysis of power as such. It has always been complicated, and sometimes confused, by attaching moral priority to the power of the person or of the institutions.

The sophists in the period of Greek enlightenment attempted to justify power in terms of natural law. At first progressive intellectuals had emphasized a distinction between the law of nature and the positive law of the state, in order to criticize inadequacies in the latter. This distinction was taken over by conservative intellectuals of that aristocratic class which had lost its function of control and social leadership and felt humiliated by the rule of democratic institutions; these sophists transformed the idea of a conflict between the law of nature and the law of the state into that of a conflict between the natural right of the strong and the artificial power of the weak, embodied in democratic majority rule. Thus the organized and institutionalized power of the many was conceived as opposed to the innate power of the few.

In this way it was attempted to overthrow the idea of political and legal equality on the grounds of a basic, natural inequality, and to interpret justice as the distribution of rights and duties according to degrees of individual power. By this invocation of a "law of nature" it was possible to maintain that the strong should rule the weak, should possess more political power and occupy a higher rank in society. It was not only in the domestic affairs of the city-state but also in relations between states that might was thus justified as right.

This interpretation of power cannot be better exemplified than by the famous passage in Thucydides which delighted Hobbes when he translated the historian and which Nietzsche,

although calling it terrible, praised as one of the greatest achievements of the sophists. This passage is the discussion between the Athenian ambassadors and the delegates of Melos, who had protested on ethical and religious grounds against annexation to the empire, especially the Athenians' retort: "You know, as we do, that in man's eyes there can be a question of justice only between equals in power; those who have superior power do what they can, and the weak accept what they must." And again, in a later stage of this same discussion: "Of the gods we think according to the common opinion, and of the human race we think that always, everywhere and from an impulse of nature it rules that over which it obtains superiority. Neither did we lay down this law nor are we the first that use it when laid down, but as we found it, and shall leave it to posterity for always, so also we use it, knowing that you likewise, and others that should have the same power which we have, would do the same."

According to the attitude described by Thucydides the statesman's concern with values is only their usefulness as moral justification for the achievements of power. Values such as justice, fairness, tolerance, will thus appear in politics only in so far as their invocation is likely to further the attainment or maintenance of power: instead of power being an instrument for the attainment of values, values become instrumental for power. By rendering values subservient to the supreme end of power their true moral significance is ignored and indeed absorbed in the morally neutral demands of expediency. War, in particular, becomes a political instrument or method which is not subject to moral judgment; it will always be expedient to justify it on moral grounds, but its ultimate justification is considered to lie in political success. This attitude might well be called Macchiavellian *avant la lettre*.

It is true that power was glorified by Macchiavelli because

it was to be the remedy for a humiliated country, but at the same time it was Macchiavelli who first revived in modern thought the idea that power, like the state, should be built up for its own sake. In elaborating this naturalistic conception of the state he ignored power's aspect as an instrument for achieving a goal and praised it as an end in itself, an attitude which has ruled political thinking from his time down to the fascist doctrines of today.

This conception of power could become widespread only after the breakdown of the universal empire, the decline of ecclesiastical authority and the rise of an urban lay society, in short, after the development of a new social world which made way for new patterns of rational thinking. The formal and abstract thinking which became a characteristic feature of capitalistic urban civilization contributed to the dissolution of the classical philosophers' organized system of values or ends, in terms of which power was judged and defined as a means. In the place of that system of values have arisen philosophies of naturalism and empiricism in which reality is constituted only by the factual data, and means are converted into ends. The institutional development of territorial states and the implications of technological progress gave increasing emphasis to the question of power, and philosophy did not fail to provide its rationale.

In Thomas Hobbes the naturalistic philosophy of power received its most stringent expression. According to his opinion man "cannot assure the power and means to live well, which he hath present, without the acquisition of more. And from hence it is, that Kings, whose power is greatest, turn their endeavours to the assuring it at home by Lawes, or abroad by Wars." This contention shows that it was from his observation of the modern state that Hobbes derived his naturalistic philosophy of man's conduct. His thesis that dominion over others is essential to man's self-preservation led

him to a theory of sovereign power based wholly on rational expediency.

Francis Bacon, too, denied the relevance of moral values and obligations in the exercise of political power. But at the same time he exalted the power that comes with knowledge, and in this respect he was able to envisage power as an instrument for a higher goal. Nevertheless, since he appraised scientific knowledge with reference to its capacity to control nature rather than to its relation with moral philosophy, the political goals which knowledge helps to attain remain in the realm of power. This is especially evident when Bacon speaks about the social conditions that are necessary if power policies are to be successful. He held that the main condition for the greatness of a state is a military-minded nation. For that end a peculiar honor must attach to the military profession, and all strata of society important for military purposes must be satisfied by their conditions of life in times of peace. A wise government will therefore promote their welfare not merely for humanitarian reasons but for the ulterior purpose of spiritual preparation for war.

The naturalistic philosophy of power did not develop without opposition. The Spanish schoolmen in the sixteenth and seventeenth centuries were aware of the destructive consequences inherent in a political philosophy which denies the spiritual and moral elements of man's nature.

But gradually, with the increasing power of the modern state and the development of rationalism, the philosophical efforts to refute the naturalistic philosophy of power lost sight of the fundamental issues involved. Hegelian idealism accepted the implications of naturalistic power philosophy and merely attempted to reconcile them with the old values of mind and spirit. Its endeavor to grasp "realistically" the ethical meaning of history and of political institutions led to a fallacious integration of Macchiavelli's naturalistic conception

of power and moral justifications of the state. This meant the moralizing of power and the powerizing of morals.

Hegel, in his attempt to identify reality and reason, was led to invest the body politic with a particular moral dignity. He flatly denied that there is a conflict between moral values and political necessities, and by conceiving the state as an ethical frame of reference he found a formula for the moral sanction of political self-preservation. His contention that the welfare of the state is the highest criterion of justice has made way for the justification of the state as an aggressive power. Carlyle and many other nineteenth-century historians accepted his efforts to moralize power, whatever their reservations may have been concerning his philosophy of history. Froude, the biographer of Carlyle, was not mistaken in reproaching his hero with having preached the gospel of force.

II

It is clear that the modern philosophical rationale of power reveals the materialism of the modern western mind. Under the spell of increasing technological rationalization modern philosophy relegates questions of ends and values to the realm of the irrational, and at the same time degrades reason itself to a mere instrumentality. This constitutes a denial of man's universal function to integrate the world of nature and super-nature by his spirit and the dignity of his mind. In a world in which the individual has neither security nor belief there is built up an image of power which enfevers statesmen and nations and compensates for the loss of human dignity by the appeal to human pride and vanity. Such an attitude reaches its climax in Spengler's conception of man as "the beast of prey with the creative hand," and in the basically antireligious doctrines of all totalitarian nations.

The rise of a military totalitarianism, in comparison with

which the absolutism of the seventeenth and eighteenth centuries would be regarded as liberal, was clearly foreseen by Jacob Burckhardt nearly seventy years ago. He saw this totalitarian regime not as a traditional military dictatorship but as the achievement of demagogues in the framework of the social, technological and political conditions characteristic of the modern industrial process of production.

This clarity of vision was possible because Burckhardt recognized what might be called the demonic aspect of power. This is man's tendency to push his power and freedom so far that he establishes a despotic control over the power and freedom of others. Social as well as individual power exhibits this demonic aspect; each has a dynamics of its own, and is thus compelled to increase in order to perpetuate itself. Concrete individual power and abstract institutional power may coexist in harmony only if the life of the group is integrated by the controlling and organizing power of the mind, which through discipline and order guarantees social continuity.

Thus it was Burckhardt's belief that all patterns of power contain the germs of absolutism. The demonic totalitarianism which he foresaw was to him only the climax of a historical trend that started with the rise of the modern rational state. Therefore democracy, instead of being conceived as a liberation from absolutistic rule, appeared to him as a stage in a continuous development of institutional power.

It is somewhat surprising that Burckhardt should have attributed a beneficent function to war in a world in which he considered power itself to be intrinsically evil. He believed that war, by calling forth the nation's utmost efforts, reveals its human resources and brings about a further stage of human development, making possible another attempt at individual freedom and cultural achievements.

Although Burckhardt was aware of power's capacity for good, and thus of its paradoxical nature, there is perhaps none

who has presented more vigorously its intrinsic evil. Power means neither greatness nor happiness; it has never improved human beings and has never been realized without fraud and violence. Even if it be true that evil—and thus power—may bring about good results, the fact of the evil remains.

A recognition of the contradictory aspects of power has received poignant expression in the work of Max Weber. Particularly in considering the Russian revolution of 1905 he revealed his deep concern for individual freedom and his distrust of those tendencies in social and economic life which jeopardize it. He saw the future society as a tremendous machine in which men would be only the wheels that help to fulfill its mechanical functions. But although he was well aware of the price mankind must pay for the economic and technological achievements of the capitalist system, he was unwilling to align himself with the anticapitalist camp. He believed that socialism as well as capitalism works toward a rationalized society, with no place for the development of individual spontaneity, and that despite its ideals of freedom it would increase man's dependence and subject him to an impersonal, abstract despotism.

This dependence had also been a central theme in Nietzsche's philosophy. But Nietzsche was less concerned with the growth of institutional power as such than with what he called the nihilism and the decadence of the western world. According to Nietzsche this decadence does not consist in a disintegration of moral norms which in the west were derived from Christian moral philosophy; Nietzsche was anti-Christian, and he welcomed the breakdown of those moral norms. The problem of nihilism was to him intrinsically connected with the frustration of individual creativeness and the subordination of individual power to the despotism of institutions of control, theological as well as political. His glorification of individual as opposed to institu-

tional power was thus a revival of the sophist position, in a situation complicated by the heritage of Christian teaching.

The image of this individual power was the superman. His realization involves, according to Nietzsche, an acceptance of the demonic implications of power, even an acceptance of war, conquest and revenge. This indicates how desperately Nietzsche felt the necessity for a renaissance of man.

His idea of the powerful superman is distinct from all the other philosophical interpretations of power so far discussed, for it is based on a philosophy of life in which the physical and spiritual forces in life are regarded as reconcilable. Their unity in the image of the superman is indeed the pivotal prerequisite for the realization of Nietzsche's dream. It remains true, however, that Nietzsche's conceptions of the will to power and of the superman do not mean the conquest of nihilism but rather signify its ultimate expression. Although the idea of the superman represents the striving for a new system of norms, it is only a desperate effort to re-establish order, even at the price of violence.

Sorel's work, too, may be viewed as an attempt to proclaim a unity of life by reconciling physical and spiritual strength, that is, by reintegrating power and norms. Sorel's praise of violence, which lends itself so easily to political abuse, must be understood against the background of his contempt for the compromising attitudes of democratic parliamentarians and for that decadent intellectualism which endures inactivity without irritation.

It was Sorel's conviction that the ideational character of norms renders them both effete and uncertain. They assume relevance and binding strength only in the form of myths that inspire the masses to act. Whether or not ideas are true can be decided only in group action in which physical force is assimilated to spiritual force. Violence, therefore, becomes a substitute for those philosophical criteria by means of which

the truth of an idea can be judged. In this respect Sorel's work is typical of the bankruptcy of modern irrationalism, which can draw no other conclusion from the philosophical uncertainties in which it is enmeshed, and which it expresses, than that the supreme test of truth lies in the exercise of collective power.

A pseudo-religious transfiguration of the body politic is inevitable when the dignity of the individual is no longer derived from transcendental values. The exaltation of the collectivity gives to its power a prestige it never had before, as is evident in the significance attached to sacrifice for its sake: to die for the collectivity is viewed as the ultimate realization of human existence, for the collectivity itself is the only reality, the center of life. These paradoxical consequences of irrationalistic power philosophies reveal their cultural impotence.

The philosophy of fascism represents the popularization and vulgarization of the philosophy of irrationalism and its contempt for mind and spirit. It reveals the consequences which that way of thinking must lead to: barbarization and destruction of all intellectual and spiritual standards. The compelling standards of conduct which fascism imposes upon its followers are not derived from a coherent philosophy. They are assertive rather than normative, because they manifest a crude replacement of the reality of values by the reality of collective power.

Under such conditions man comes to consider death for the pseudo-religious myth of the collectivity as the justification and highest fulfillment of his existence. Through death he reassures himself that certainty and truth, absoluteness and objective order exist. The voluntary extinction of life represents a kind of moral *art pour l'art*, sacrifice for the sake of sacrifice. Such heroism is not entitled to be considered realistic; it is quite the opposite—a romantic flight, an impatient

effort to escape from the hardships and disappointments of life. It is pseudo-heroism because it is built upon ignorance of the fact that war never decides anything concerning the issues for which it is waged.

It is a sign of escapism to believe that through war we can attain to human perfection. As long as a group remains true to the principles of mind and spirit which alone can give it integration it is in the dangerous adventures of everyday life, its struggles and disappointments, that the highest development of human virtues will be reached. In the confused world of today it has to be emphasized time and again that human dignity—and the peace in which it is cherished—depends upon the effective recognition of a system of social values. In such a world it will be evident that there are forms of heroism morally superior to the exaltation of war and death. *Amor fati*, the capacity to endure the cruelties of life and overcome its misfortunes without despair—this requires a heroism beyond glory, pride and vanity.

XV

MORALE AND PROPAGANDA

By HANS SPEIER

I

IN THE last year of the World War the French succeeded in producing a special shell to be fired from regular infantry rifles. It contained paper instead of steel, and when it exploded in the air 150 pamphlets or 5 to 10 newspapers dropped upon the enemy lines. The shell had a range of about 200 meters. Bigger shells, with a considerably wider range of 4 to 5 kilometers and a correspondingly larger load, were fired from guns. According to a French propaganda expert the French once shot between one and two million pamphlets to the Germans in a quarter of an hour. Thus the demand for the use of "moral ammunition," made by the London *Times* as early as 1915, was at last complied with, and literally, by an invention which deserves to be recognized as an instance of warfare waged by means of verbal symbols.

The total number of pamphlets distributed by the Allies in the World War has been estimated at 66 million. In September 1918, at the peak of their propaganda, the French and English alone distributed 17.7 million pamphlets over the German lines by balloon, airplane and shell. Plans existed for

an unprecedented propaganda campaign by balloon that was to flood large parts of the interior of Germany in 1919. Apart from following these measures of offense all belligerents strained their organizational, financial and intellectual resources in order to keep up the morale of their own populations at home. In view of these stupendous efforts it is not surprising to find that many writers have declared that propaganda, with the threefold objective of strengthening the martial spirit at home, influencing public opinion in neutral countries and demoralizing the enemy, constitutes an innovation in modern, totalitarian war.

It appears that the magnitude and technical perfection of modern war propaganda have somewhat obscured the historical perspective. There was such propaganda in earlier centuries, and there were even elaborate discussions as to how to conduct it properly. In its moral implications propaganda has not changed. The differences between war propaganda today and in earlier epochs result from differences in technological and social circumstances. Therefore in order to understand what is new in modern war propaganda it is necessary to focus attention on its organization, its scope, the persons it is intended to reach and the character of modern social life.

The distinctly new feature of modern war propaganda is its extension to non-combatants. Propaganda at home to bolster up the martial spirit or at least the will to resistance among the millions of workers and farmers, men and women and children, is a phenomenon unknown to earlier centuries of modern history. It was in its infancy even as late as the nineteenth century and was entirely unknown in the eighteenth century. One may properly speak of diplomatic propaganda during the *ancien régime*, intended to influence the decisions of foreign courts, but there was nothing of modern propaganda devised to arouse war enthusiasm in civilians. Frederick the Great curtly expressed his desire that his subjects

should not concern themselves with the wars he was waging; and in France when a battle had been lost the conscience of the nation, the intellectual elite that frequented the salons, found consolation by making jokes about the generals. The situation in this century, which later military writers have so often accused of inefficient and formalized warfare, hesitation in strategy and constraint in tactics, offers the most striking contrast to the conditions which underlie symbol conflicts in modern war.

The new situation arose with the participation of nationalistic masses in war—during the French Revolution, the Napoleonic wars and the popular resistance in Spain, Austria and Prussia to the Napoleonic rule. Europe entered the “century of words,” as Metternich, then Austrian Ambassador to France, neatly remarked; he advised his government in 1808 that public opinion required “peculiar cultivation” since “it penetrates like religion the most hidden recesses where administrative measures have no influence.”

Democracy and nationalism unleashed political passions which no sovereign in the *ancien régime* had been able to draw on. The absolute ruler had to rely on his soldiers, his funds and his administration. But when each citizen became identified with the cause of his country at war the limited warfare of the eighteenth century was transformed into a national undertaking. War gained a new momentum; it became instinct with the energy and unrestricted vigor of conscripted masses urged by enthusiasm for *la patrie*, “liberty,” “revenge.”

The situation conducive to modern war propaganda was brought about not only by new forms of military organization, such as universal conscription, and by the nationalistic spirit that pervaded both the social and the military system, but also by the development of war technique. The influence of technology on modern war operates, generally speaking, in

two directions. With the development of long-range guns and motorized vehicles, and particularly with the production of fast bombing planes, the fact of distance from the theater of war has lost much of the protective value it formerly had. Russia and the United States are the only major countries today whose urban areas are not within the easy flying range of their neighbors. In a large-scale war the civilian population would be as exposed to aggressive action of the enemy as were non-combatants in a besieged fortress in earlier times. War between nations with highly industrialized war equipment has come to resemble campaigns in which whole countries besiege one another. The military front has become merely the skirmishing line of the entire nation.

Less obvious, but hardly less important, is the influence of modern war technique on the interdependence of soldier and civilian, army and nation, as established by the mere production of war material. The interdependence of the industrial production, transportation system and food supply of the nation on the one hand, and the military effort of the armies on the other, has become closer as the technological quotient in war has been increased. Today the strength of the armed forces depends to a much greater extent than in less industrialized societies on the productive resources and the organizational skill of the nation. No modern army can wage a war without the persistent support of the whole country. Political conflicts at home, sabotage in the factories and offices or mere malaise among the citizens may incapacitate the best armies. With more truth than ever the ancient metaphor of the fighters as the arm of the state can be applied to modern war. When the body, the economic and social system, is sick, the arm cannot strike.

Thus under the conditions created by these three factors—the development of technology, mass participation in war, and nationalism—the morale of the nation itself becomes of de-

cisive *military* importance. A major war assumes the character of siege warfare on a huge scale, with economic and symbol war supplementing the strictly military effort.

II

There is a strong temptation to ignore the fact that the modern forms of symbol warfare are consequences of the organization of modern society as a whole and not the sinister inventions of governments or military castes. In a liberal democracy the benefits of governmental policy are easily attributed to the virtue and intelligence of the average citizen, but when the body politic suffers from weaknesses and mistakes, failures and evils, the government itself will often be held exclusively responsible. The logic of political representation rules supreme as long as the state of the nation meets the voter's approval. If it does not he substitutes for the logic of representation what may be called, with some exaggeration, the shibboleths of tyranny: he accuses those in power and no longer thinks of them as representatives chosen by himself.

This distribution of responsibilities is comforting rather than fair or correct. It is understandable, however; in the atmosphere of disillusionment which has spread in the last twenty years a great deal of what was accepted during the last war as fact and sincere expression of feeling has been revealed as lies and deplorable madness. It is difficult for anyone to call himself a liar, but his self-respect is even more threatened when he has to debunk his emotions. War's psychological aftermath of resentment and cynicism accounts perhaps for the widespread forgetfulness concerning the agents of war propaganda. Much of the propaganda in war is inevitably conducted by those who later prefer to consider themselves as having been its victims.

The following facts and quotations are from the "Complete

Report of the Chairman of the Committee on Public Information," which during the World War was the central propaganda agency in the United States. They illustrate how greatly the official effort toward nation-wide mental control depended upon social organizations that already existed in times of peace. It is hardly an exaggeration to say that in the World War no special machinery had to be built up for promotional activities. The major task in symbol warfare was not one of construction but was one of co-ordination and guidance. It was voluntary co-operation which made the amazing accomplishments possible.

The Pamphlet Division of the Committee "commanded the services of any writer that it chose to call, and at its back were over 3000 of the leading historians of the country." The Committee "gathered together the leading novelists, essayists and publicists of the land, and these men and women, without payment, worked faithfully in the production of brilliant comprehensive articles that went to the press as syndicate features." The objective of the Division of Syndicate Features was "to sell the war" to the people, and to present in acceptable newspaper style not only the story of the war but also "the spirit that was back of the whole adventure." The stories reached a circulation of about 12 million a month. Of the 75 million pamphlets that were distributed three quarters were sent out on request. Similarly, American painters, sculptors, designers, poster men, illustrators and cartoonists were "mobilized . . . on a volunteer basis, and another volunteer staff of several hundred translators helped the committee to keep in touch with the foreign language press."

Germany had bought up all the moving-picture houses in some neutral countries. "The heads of the American exporting companies met with the Committee's officers and agreed that no American film should be exported unless a certain amount of American propaganda film was included in the

order." In a short time the strong bargaining position of the American companies led to a signal victory in symbol conflicts: "Charlie Chaplin and Mary Pickford led 'Pershing's Crusaders' and 'America's Answer' into the enemy's territory and smashed another Hindenburg line."

Through teachers' institutes, summer sessions and educational organizations the school was reached. Twice a month a sixteen-page paper was issued to every one of the 520,000 teachers in the United States. "It gave to the schools the needs and messages of Government in concise and usable form and to the Government a direct medium of reaching the 20,000,000 homes represented in the schools." Children were used in other ways as well: 5 million copies of the President's Flag Day address were distributed by boy scouts.

Most ingenious was the creation of the four-minute man. No less than 75,000 speakers volunteered as four-minute men operating in 5200 communities of the United States. They spoke chiefly in moving-picture houses, but later also in Sunday schools, churches, lumber camps, colleges, lodges and women's clubs. Within a period of eighteen months they made about a million speeches and reached a total of about 400 million people. The official expenditures for salaries, traveling, slides and the printing of bulletins were surprisingly low, a little more than \$100,000 for the entire eighteen-month period. The additional costs, met by non-official contributions, were estimated by the Committee as follows: \$2 monthly for each speaker's traveling and incidental expenses; \$10 monthly for the expenses of each local chairman's office; the value of the speeches themselves, computed on the basis of \$1 a minute, which the Committee considered a conservative estimate; for rent of theaters and other places where the speeches were delivered a lump sum amounting to half the total value of speeches; the publicity freely contributed by the press, regarded as worth \$750,000. The grand total of costs met by

voluntary contributions was 9.5 million dollars, or ninety-five times the official appropriations.

Nor was this all. The big organizations representing advertising agencies, advertising clubs and business papers were requested to name a board of control that would "mobilize the advertising forces of the country." The magazines, farm papers, house organs, newspapers, college papers and other periodic publications which gave space to the Division of Advertising had a total circulation of about 549 million. This advertising space was purchased by advertisers of merchandise and turned over to the state, or was contributed by the publishers without charge. The value of donated space totaled about \$2,250,000 in 1918. This amount, of which the "sudden cessation of activities" caused only about 70 per cent to be used, does not include the services which the advertising agents offered free of charge, nor does it include the value of outdoor advertising, in the form of posters and billboards, or of window displays. By the co-operation of the International Association of Display Men the entire "display resources" in 600 cities were turned over to the Committee, so that 60,000 patriotic window displays, "timed to the minute," could supplement the campaigns in periodicals.

To complete the record of the Committee's activities, which were indeed the activities of the nation, or to review the corresponding measures in other countries would be tedious and on the whole repetitious. The degree of centralization varied from country to country, with the United States heading the list. Details differ, but the main lesson is the same: modern war propaganda is the upshot of modern society. It is not confined to any particular country, nor can it be attributed to any specific form of government. It is a concomitant, or rather an integral element, of modern war as such, which originates in the structure of modern society in times of peace. For that reason we should not be surprised to find that in all major

countries today there are elaborate plans for repeating the mobilization of "opinion," possibly on a larger scale, in the event of another war.

During the World War propaganda was most efficiently organized in the highly industrialized nations which had a liberal rather than a militaristic or autocratic tradition. It developed very slowly in czarist Russia, an almost wholly rural and illiterate country, and only after the collapse of the old government do we find the beginnings of symbol warfare on the Russian side; Belgian and French socialists arrived and tried to revive the will to resistance among the soldiers and thus to transform a meaningless conflict into a "war of opinion." Correspondingly propaganda was organized with greatest efficiency and comprehensiveness in that liberal country which offered not only its sons and its money to the cause of the Allies but also the slogan "Make the world safe for democracy."

With some exaggeration it might be said that the amount of war propaganda varies from epoch to epoch and from country to country in proportion to the development of advertising in times of peace. The propagandist is anything but a military type; he is a specialist in selling attitudes and opinions. The successful propagandists in the World War were not soldiers but newspapermen and intellectuals accustomed to contriving for success. The military profession was reluctant to realize the potentialities of propaganda, and not rarely resented a form of warfare which conflicted with its traditional notions of proper military conduct. Even in August 1914 the General Secretary of the National Liberal Party in Germany suggested to the military authorities the distribution of pamphlets by airplane in the enemy countries, but in 1915 high military authorities were still declaring malicious propaganda against foreign governments inadmissible. One of the

first English pamphlets protested in November 1914 against the Germans distributing proclamations among the Indian soldiers; officers who lent their hand to the distribution of such writings were called "unmindful of honor." In the present war between Japan and China this professional military aversion to propaganda has reached an amusing climax in the argument of a Japanese writer that "lip-fight" is incompatible with Bushido, the true spirit of Japanese knighthood, an argument which under the prevailing conditions of comprehensive Japanese propaganda is but a particularly mendacious weapon in symbol warfare.

III

The enormous efforts that have been made to perfect the technique of war propaganda and to widen its range should not blind us to the fact that its power is limited. Its function is to influence the morale of civilians and soldiers, but only when morale is already shaken may hostile propaganda succeed in dealing a decisive blow; only when the conditions for a strong morale are already present may the mood be intensified. Not only propaganda affects morale.

A victorious nation cannot be defeated by slogans; an army whose food supply functions satisfactorily will not be demoralized by the however often repeated statement that it is starving; civilians who suffer from air attacks cannot very long be fooled by pronouncements that there is no reason to fear them; the propagandistic denunciation of a general whose authority is unshaken may prove a boomerang turning against the propagandist himself. Morale is a function of a situation in which human impressibility and propagandistic attempts to make use of it are only two elements among many. The effectiveness of propaganda is by no means determined merely by the skill with which it is conducted but depends

also on the responsiveness of the public, which in turn depends on various elements, including objective facts.

Thus the resistance to hostile propaganda comes not merely from counter-propaganda but to a large extent from the concrete situations of the persons exposed to the hostile propaganda. In part these situations can be manipulated, in part they are the incidence of chance. The morale of a nation at war may be improved by adequate protection against air raids, by a tax system which curbs profiteering, by success of the armies and by other measures or events that are in themselves not propaganda but conspicuously influence the responsiveness to it.

Especially resistant to propagandistic manipulation are those elements of concrete situations which may be called the simple and immediate facts. Every hostile propagandist encounters them as certainties in the attitudes of his public. They are so stubborn that it would be futile for him to deny what they affirm. These facts reveal their meaning for us in immediate experience, while for the understanding of remote or complicated facts there is required more imagination, special information or a greater intellectual effort. Many simple social facts are experienced in face-to-face relations, although it is not this origin in primary relations which makes them simple but our immediate access to them. To put it in a different way, facts and events, and propositions referring to them, are simple if no aid from experts is needed in order to perceive or verify them. The superior strength of the enemy's artillery is a simple and immediate fact to the soldier at the front but a remote fact to the civilian at home. The shifts in the distribution of income, as they occur in every society at war, are remote and complicated facts which become comprehensible only when they are presented and interpreted properly; a slight change of a neighbor's economic status in relation to one's own in-

come, however, may easily be perceived and thus has the character of a simple and immediate fact.

The social world we live in is of the greatest functional importance to us but we are often baffled in trying to comprehend its strikingly remote and complicated character. In various ways we tend to obliterate this intellectual shortcoming: we overestimate the relevance of the simple facts for the total situation, since it is through them that we participate in that remote totality of social life; or we put our confidence in experts who interpret to us the meaning of remote facts of which we experience only immediate repercussions; or, finally, we attach to simple and immediate facts of our experience a symbolic meaning with reference to which we form our judgments concerning that remote totality. Thus the sluggishness of an individual officer may be responsible for his men's attitude toward leadership in general.

Experience seems to prove, and skillful propagandists certainly act on, the psychological presupposition that simple and immediate facts have a more important bearing on morale than remote and complicated facts. Propagandists cannot change the simple meaning of immediate facts but they can try to manipulate the interpretation of remote facts, and this they do chiefly by manipulating the symbolic relevance of concrete experiences.

In passing it should be noted that the distinction between remote and immediate facts is helpful in understanding an otherwise baffling paradox in human behavior. Disillusionment about the aims of war may be widespread and the ideological justifications for its outbreak or even for its mere continuation may be rejected with disgust—and yet, the fighters may keep their morale. During the World War German soldiers, years before their “morale” was definitely shaken, referred to the war as the “swindle”; the factors which influenced their morale resided chiefly within the range of their

everyday experience. War, taken as a whole, is a remote fact.

In September 1918 an inquiry was conducted, on the basis of 54,000 letters sent home from the front, into the extent and the causes of malaise and diffidence among the soldiers of the 6th German army in France. The following reasons for low morale were ascertained:¹ first, superiority of enemy artillery and aircraft; second, lack of dugouts in the first line; third, insufficient care for the material welfare of the soldiers (this item constituted by three specific complaints—the losing of food on the way from kitchen to line, no potatoes and too little meat, and, finally, not enough water); fourth, soldiers being kept too long in positions they considered untenable; fifth, too strenuous service behind the lines and at the same time reduced food portions; sixth, privileges for officers regarding leave and food (in the few cases in which officers ate the same food as their men, there were no complaints about food in the letters, and the behavior of the officers was praised); seventh, occasional defeatism of officers; eighth, general knowledge of the immense war profits; ninth, propaganda of the enemy. Most interesting is the frankness of the report regarding the patriotism of the soldiers: “there seems to prevail almost a certain sense of shame even to express a patriotic idea” (p. 269).

The list illustrates the significance which facts lying within the range of immediate experience have for the morale of the soldiers, and thus the limited importance of propaganda.

An inference suggests itself. The importance of propaganda in war is likely to increase when there is little change in the constellation of facts, that is, under conditions of stalemate such as prevailed during the larger part of the World War. The chance for successful symbol warfare is likely to increase when the odds in military and economic warfare proper are

¹ Hans Thimme, *Weltkrieg ohne Waffen* (Stuttgart 1932), pp. 264 ff.

about equal. When there obtains a military stalemate propaganda is so to speak the only changing element in a situation in which all other variables remain deadly constant. It provides the factor of surprise which has disappeared from a military warfare that has become immobile. Conversely, the greater the mobility in warfare, the less important will be the effect and possibly the amount of propaganda, since the changing conditions will tell their own story. The extent and effectiveness of propaganda in a future war will thus depend not only on the technology of communication but also on the influence of modern weapons on the character of military operations.

IV

Propaganda in war operates in three main directions: it may be used to focus attention on facts which favorably or unfavorably affect morale; it may be conducted in such a way as to suggest a desired meaning for remote facts, this largely by manipulating the symbolic meaning of immediate facts, through dramatization or otherwise; finally, it may be used for directing loyalties

Much of the morale of a group living in danger, be it the army or the nation as a whole, can be understood in terms of the psychology of fear and anxiety: morale can be strong in the face of danger, particularly when it rests on the notion that one is prepared to meet it; undefined danger, which causes anxiety, destroys morale. Fundamental safeguards against demoralization in war are superior strength, in modern war above all superiority of matériel, and adequate protection, especially of the defenseless civilians who cannot conquer their fear through action. As regards these factors the task of propaganda is chiefly an informative one, of the character of advertising. It may indulge in exaggeration or minimization,

he case may be, but it must mind its limits, which lie
re remote facts become immediate, that is, where stories
be checked. A poster used by the Allies in the World War
wed nothing but a soldier with the American flag and the
t legend "The First Million." Its effectiveness may be in-
ed from an observation of a competent American, Edward
Munson: "There was a noticeable improvement in the
rale of the French troops whose homes were in the dis-
ts where the Americans landed, before the effect was ap-
ent elsewhere."

Naturally the importance of informative propaganda within
ranks of the enemy is greater when an inconvenient truth
been withheld by his censors or distorted by his deceitful
paganda, or when he has tried to divert attention from it
when its realization requires comparisons of immediate
h remote facts. It was an American idea to distribute the
e newspaper in the trenches of both the American and the
rman soldiers. Its demoralizing effect was believed to lie
ply in its true information.

Success in war makes for high morale. Victory and defeat,
ever, are rather remote facts, save for the soldiers imme-
tely experiencing them. Thus the agencies which control
news will be inclined to exaggerate victory and to cover
or deny defeat. It is not so much a habitual indifference
truth which makes the reports of high military and civil
horities in times of war an almost continuous narration of
cesses. Rather, the inability of the average citizen to pene-
te into the darkness of remote facts induces the propa-
dists to maintain as long as possible their stolid optimism;
attempting to spread this attitude they have justification in
: fact that confidence is a prerequisite of sustained effort
d future success.

The chances of the propagandist are more limited regarding
h simple facts as the food supply. As long as there is no

severe shortage he may strengthen morale at home by denouncing luxury and declaring that it is patriotic to endure hardships, but against the odds of hunger he is impotent. Thus, because of its immediacy, one of the most important facts influencing the morale of a nation at war is largely exempt from verbal manipulation.

The effect of undefined danger, that is, danger whose magnitude is not known, is frequently out of proportion to its actual import. Undefined danger is infinite danger. It cannot be faced. It overwhelms the imagination. It crushes all hope. It terrifies. The story of surprise in war, particularly of the moral effect of new weapons, has often been told. Their psychological power is that they suggest unknown danger and create panics. The soldier's terror of poison gases and tanks has probably decreased with their technical perfection, because in the meantime he has experienced them, knows their potentialities and limits and can, to a large extent, act against them; they have thus been defined. In the civil war in Spain even civilians have grown accustomed to the horror of devastating air raids because they know exactly what to expect. The moving-picture houses remain open though death may strike at virtually any hour.

Particularly illuminating in this context is the psychology of panic. In a recent series of German studies it has been found that panics never had an "adequate" cause in the World War and that nobody under their spell seemed to know why he was struck. In panic, since the danger is not defined, demoralization can hardly be cured by the advice, be it persuasive or threatening, to face the danger. Very often in the World War the panic disappeared as abruptly as it had arisen if there was incidentally introduced into the situation some element which had no relation whatever to danger or to the panic or to the soldiers' duty to overcome fear but added a normalizing factor of familiarity. For example, it vanished

when someone began singing a song or simply asked in surprise what everybody was doing.

If we pass from the psychology of morale to its moral foundations, which modern analysts tend to belittle, it is clear that nothing is more important than justice. Morale is strengthened by confidence in the justice of the cause one is fighting for and lowered by distrust of one's right. At the beginning of war it is always the aim of the professional interpreters of political events to drive home the argument that "they" are wrong and that "we" have been forced to defend our rights. In the later stages of the war sincere or feigned peace offers may serve the same purpose: the enemy's rejection of them, for whatever reason, gives renewed proof of his viciousness. Similarly, critical and discriminating opinions which differ from the official version as to the guilt and aims of war are relentlessly suppressed at home and, like all dissenting opinions that come from the other side, noisily disseminated by the enemy. More than anything else they lend to his own story the air of truth and thus buttress his monopolization of justice.

Only to a superficial observer will it appear paradoxical that the "just war" is universally felt to be the war that is ultimately waged for peace. Many pacifists, of course, participate in a "last war" or a "war against war," but in our time even the dictators have so far paid homage to the goddess of peace, regardless of the fact that their overt life-philosophies and their actual policies are irreconcilable with their popular enunciations of how much they cherish the pacification of international relations. There has not yet been a modern war, not even the violent ventures of English imperialism or Mussolini's conquest of Ethiopia or the invasions of China by the Japanese or the war of fascism against democracy in Spain, that has been justified as an evil which one is entitled to

commit. Peace is good, the breach of peace is evil. Thus wars are justified as means toward peace.

In modern war, in which mass opinions count, the enemy has to be wholly identified—if need be at the cost of all intellectual sincerity—with the principle of evil, so that one can mobilize the power of right for one's own cause. Individual fighting is simple and can therefore be fair, even chivalrous. Mass war is a remote fact. In order to attract the attention of masses and to secure their moral participation war must be propagandistically simplified by creating symbols of danger and evil. Since its public interpretation cannot be discriminating it must be unfair. The "huns," the "tartars," the "reds" and all the other targets of hatred serve the purpose of focusing diffuse emotions and uniting diversified opinions. Thus an atmosphere of exaltation is created, of pride in one's own righteousness, of blind determination to save the group even at the sacrifice of one's life. It is that moment in the history of a nation which later promoters of jingoism delight in recording and which gives them a chance to disparage the boredom of peace.

As the war continues and its origins lose news value the emphasis tends to shift from denunciation of the enemy's breach of peace to his atrocious and cruel conduct. This gradual reorientation of propaganda has been noticed by students of the World War as well as of the present Japanese-Chinese conflict. The charge of villainy is thus perpetuated and reinforced, but this must be done in terms that are simple enough to be understood regardless of religion, age, party or race. Causal chains of events are difficult to understand; fairness may have its repercussions by correcting the desired allotment of right and wrong in the conflict; a decent silence might promote fatigue; besides, modern wars have to be noisy—the propagandists have it that everybody is thrilled by cruelty. In a recent investigation of propaganda during the

English Civil War it has been found that the Puritans indignantly accused their enemies of precisely the same atrocities which they boasted of having committed themselves against their adversaries. Such distortions of moral judgment are indigenous to the war climate of opinion. The poisonous air that propagandists breathe is the same that nourishes their germs of hate.

There is another side to the story, however. Either a founded conviction or a manipulated belief that the war is waged in order to fight injustice strengthens the will to resistance, not only because the nation is in danger but also because in struggling for interests and rights the whole people imagines itself to be defending something general and sublime, the law itself, the moral order of life. The actions of everyone thus rise to a status of extraordinary moral significance. For this participation in a common cause which is greater than the self the French found a word of adequate solemnity. They spoke of *union sacré*, sacred union. Compared with it *Burgfriede*, the corresponding term used by the Germans, is feeble, being only an archaic word for truce.

This collective exaltation that may prevail at the beginning of war does not stand the test of time. It has to be embodied in the regularities of life, and under institutionalization it fades into a verbal trimming, a mere justification of hardship and sacrifice. The ideal merely conceals a form of existence which cannot fail to be imperfect and ugly. With this institutionalization, which in itself tends to wear off high morale as it offers routine for a substitute, discontent about the unjust distribution of hardships is bound to crop up. Actual or imagined injustice on the part of the in-group is definitely destructive of morale.

A favored object of this discontent is profiteering, in the narrow or wider sense of the term. Profiteering represents an overt and cynical denial of the value of sacrifice, the public

praise of which helps everybody to bear the burdens of war. It is ubiquitous, since even the wisest laws against profiteering on a large scale leave loopholes for profiteering in a smaller measure. Moreover, in a situation of extreme stress, such as comes to prevail in war, any difference in the conditions of life may give occasion for disappointment and indignation. Even the exemption of munitions workers from military service may constitute profiteering in a psychological sense, when their lot is compared with that of their comrades at the front. Finally, profiteering strikes a particularly tender nerve, because though everybody is constantly urged *not* to profit, there are perhaps many who would like to if they had a chance and were sure of not being caught.

An alert government, however, will do whatever it can to curb profiteering. The importance of such measures on the preservation of morale is obvious. But those who assume that proper legislation can eliminate all profiteering should remember that even the best law removes only some conspicuous facts in terms of which discontent would otherwise be defined, but leaves other facts that will be seized upon for that purpose. Legislation cannot really eliminate all occasions for this discontent; in modern society it is, so to speak, part of the mores, and it is one of the reasons why the "sacred union" is euphoric and transitory.

Discontent destroys morale and may destroy order. Propagandists will therefore make every effort to arouse it among the enemies. They will dramatize conspicuous cases of profiteering and try to intensify their reprehensible character, in order to evoke resentments. But in practicing the odious vocation of handling human attitudes, which in war gains respectability, propagandists who destroy loyalties do not get very far if they offer nothing to take their place. Out of the stuff of loyalty much of our self-respect is formed, and much of our emotional security. For this reason a propaganda confined to

criticism and debunking would arouse violent reactions against the propagandists. Their objective must be conversion rather than subversion, manipulation rather than destruction of the personal loyalty structure. They use the method of replacement, suggesting substitute loyalties. In this process the citing of apposite facts is of merely instrumental importance.

The choice of substitute loyalties is limited. As a rule what propagandists actually do is to invoke loyalties which are submerged. This will be more concretely understood after a short digression.

Everyone takes part in the life of many social groupings, from his family or his local community to his nation, and from affiliations into which he was born, such as race or age group, to relationships which, like clubs or parties, he enters at will. All these groups, which overlap to a certain extent, prescribe actions and demand loyalties. The subjective loyalty structure, that is, the inner relationship of a person's loyalties and their relative weight, depends partly on his preferences, partly on the particular activity in which he happens to be engaged at the moment, partly on natural or social events beyond his control.

A society too can be viewed as a field with a specific, objective structure of loyalties, differing as to goal and intensity. This structure reflects both the heterogeneity and the cohesion of society. It expresses not only traditions and institutionally entrenched differences, but also the extent to which, on the institutional level of life, willing co-operation supplements mere routine, public approval or indignation, and violent coercion as means of social control. The loyalty structure also comprises dissenting valuations which lack institutional incorporation, and thus, on the opinion level, it reflects the extent to which the existing institutions satisfy wishes. It is more or less focused around central values and, in this sense, more or less integrated. The degree of integration depends, among other

things, on the actual relation of the society to other societies.

As a rule, there is much diffuseness and diversification of loyalties in a society, but under modern conditions the transition from peace to war effects a marked integration. This is in accordance with the organizational co-ordination of activities in times of war, which has been mentioned before. The government demands an inclusive consensus and an unqualified loyalty to "the nation." All other loyalties, whether they pertain to church or family, class or party or region, become subsidiary and indeed subservient to the foremost virtue of nationalistic patriotism. This spectacular intensification of one subjective loyalty has not only its grandeur but also its reckless crudity. It demands and entails a simplification of life, which the unbalanced mind tends to confuse with its enrichment.

The less the enemy is capable, for technical or other reasons, of paralyzing the organizational and material strength of his adversary, the more will his success depend on his skill in impairing morale by fomenting internal conflicts. Naturally the enemy propaganda will attempt to revive the subsidiary loyalties since, under the prevailing conditions, the adversary's power of resistance depends upon their insignificance.

The values with reference to which the skillful enemy propagandist operates are chiefly those that are relevant *within* the field he tries to influence. During the World War one hardly attempted to impair the morale of soldiers by strengthening their loyalties toward Christianity or humanity. Propaganda was concentrated on breaking up the objective loyalty structure from within, according to the principle of schism, rather than on prostrating it according to the principle of inclusion, by stressing wider obligations. Wider obligations remain vague and remote, unless they can be felt and practiced within the range of immediate experience, for example in an occasional fraternization. In general the wider obligations are stifled in

war by the assumption that they are private feelings, not shared by others, especially not by the soldiers in the opposite trenches. As a rule a man does not remember his standards as a humanitarian when he stands behind a machine gun, or his standards as a Christian when he has to drop bombs from the air. The propagandist will work upon those submerged loyalties which can easily be related to war experience and which were intense and widespread before the outbreak of hostilities. Loyalties which were never intense cannot seriously endanger the spirit of resistance. Loyalties which were not widely diffused are difficult to arouse, since hostile propagandists cannot make use of individualized methods.

In the World War the Allies tried to arouse, among non-Prussian German soldiers, separatist feelings against Prussia, and corresponding aims were pursued in Austria-Hungary and Poland; the Germans, less effectively, tried similarly to stir up Irish-English animosities. It seems, however, that the emphasis on national divisions was not so successful as that propaganda which stressed class and party oppositions. Whether the dramatization of national divisions will lead farther than that of class or party divisions cannot be decided on principle. It depends on the extent to which those divisions are easily associated in the nation with a tradition of internal conflicts. For example, the propaganda among the German soldiers which identified the war as one of special classes, parties and leaders was called for by the political setup in Germany before and during the war. It will suffice to mention two incidents in the internal situation which illustrate the situation. While the nation was waging a national war the Conservatives elaborated plans for perpetuating a system of suffrage in Prussia giving plural votes to members of the upper classes, thus attempting to entrench their political power. When measures for counteracting enemy propaganda

were being considered high military authorities objected to introducing political education among the soldiers for the reason that such education would undermine discipline and foster the spirit of the Soviet Russian workers' and soldiers' councils. This "educational" service was finally established, but the soldiers were not permitted to discuss freely the question of war aims, the main issue of interest to them. At the same time chauvinistic organizations at home had a free hand in conducting their provocative speculations as to which European territories would have to be annexed at the end of the war.

Apart from the substitution of collective loyalties there is only one other device at the disposal of propagandists who manipulate valuations. Its objective is what might be called "privatization." This device, which involves the "decollectivization" of the individual, may assume the power of religious admonition and have the air of ultimate truth which in previous ages was ascribed to revelation. In it are combined the plain appeal to the fear of meaningless death and the attempt to give voice to one of the profoundest emotions man is capable of: happiness in being alive. A quotation from a pamphlet distributed by the English in the last year of the World War may serve as an illustration:

TO THE SOLDIER WHO MARCHES WEST

You are still alive. It is wonderful. Everything that lives is wonderful, even the green grass and the birds.

The dead and the rocks and the soil and the dung—they are nothing, for they have no life.

We who have life have everything; we possess fabulous wealth.

The rocks, the dead and the soil have nothing, are nothing.

Where will your road lead you, soldier? Are you going West? Are you going to Paris?

Do you know what is in the West, soldier? I shall tell you, soldier; listen.

In front of you are the English, you know that. The French and the Americans are behind them. You also know how they fire into the lines of your comrades. Perhaps they will retreat and new regiments will march ahead. Then they will fire again. Then the Allies retreat again.

But the firing never ceases. . . .

There is something else in the West. I shall tell you what this "something" is. Nobody can tell you exactly where it is, but it surely is in the West.

Your grave lies in the West.

If you march West, you can't help finding it. Possibly it is far ahead of you, behind the mountains. But possibly it is very near you, perhaps you can see it. Today or tomorrow—nobody knows. But surely, the grave lies there, as surely as does the sunset.

Do you march West, soldier? Then, we say good-by to you. All of us who live say good-by.

There are only two things on earth, the living and the dead. The difference between these two things is greater than that between friend and foe, greater than that between man and animal. It is the greatest difference in this world. With the dead one you cannot marry, to the dead one you cannot be a friend, you can't talk with him, you don't touch him. If you march West, soldier, we say good-by, we who are alive.

Men and women, dogs and birds and insects—they shall not be with you any more. . . .

Soldier, farewell.

Today, you are one of us; you are one with men and women and everything that lives. You are master of the rocks and the woods and all inanimate things.

Tomorrow you march West.

Soldier, farewell.

Do you hear our voice?

Farewell.

Naturally this pamphlet was reserved for distribution among the enemies. The more deeply one is moved by the simplicity and beauty of its content, the more difficult will it be to find a specimen of more vicious propaganda, anywhere, at any time.

v

It is idle to indulge in predictions concerning the spiritual strength of democracies and dictatorships in a future war. As has been mentioned before, there is little likelihood that democracies will shrink from using all available means of propaganda. Also one should clearly realize that there is no dictatorial type of warfare as opposed to a democratic type, either with respect to the technological aspect of military strategy and tactics or with respect to economic and propagandistic measures: the character of a major war under modern social, economic and technological conditions approaches the totalitarian type regardless of the political organization of society. Democracies are not free to choose a "limited war" if their adversaries wage a "total war."

Democracies in modern wars will have to adopt dictatorial devices of political organization, at least for a time, while dictatorships will have to show more respect for democratic principles than they have so far done. This seems paradoxical, but it is only a necessary consequence of the interdependent structure of modern international society and of the fundamental democratization in each country. The tendency of democracies to approach the dictatorial pattern of political organization in national emergencies could be observed in the World War and can be seen in various measures and mobilization plans for the war of the future. Dictatorships, however, will have to take more cognizance of international mores than they have so far done, not on account of any moral or legal considera-

tions but for reasons of expediency. In the event of war they will have to offer explanations of their policy both at home and abroad. The causes and the aims of their wars will demand interpretations in terms which are not easily reconciled with the political philosophies dictators have hitherto acclaimed. They will have to speak about right and justice, while their past record is largely one of persecution and violence. Their history, moreover, will provide the enemies with a stock of invaluable propaganda material. The bill which the suppressed minorities and majorities could not present in times of peace, under the constant threat of violent sanctions, will be presented by the enemies in the next war. In this respect modern dictatorships will have to enter a major war under spiritual conditions which do not favor their success. It should be noted that this handicap arises not from the injustice inherent in their existence but from the mass demand for legitimations and interpretations of their policy and from the enemy's technical opportunities to satisfy this demand possibly better than the dictators are able to do.

True as it is that dictatorships may have an initial advantage at the beginning of a war on account of their comprehensive preparations, it is probable that this efficiency will have reduced the spiritual "war potential." In dictatorial regimes the violent suppression of political tensions will have to be increased when war comes. There exist elaborate plans in Germany as to how to organize the war on the home front, that is, how to suppress opposition at a time when dissatisfaction is bound to spread, when the thirst for revenge may grow stronger and when, in any case, a nation intoxicated by anticipated glory may have to look into the face of defeats.

The maximum war strength of dictatorially governed nations can be reached only when the organizational accomplishments are cemented by an inclusive consensus; this consensus, however, would make dictatorship technically superfluous. So

far nothing resembling this exists. There is more likelihood of a devilish than of a sacred union in a future war. It is significant that the critics of fascism and many of its military experts meet on common ground when they consider the question of fascist morale in a future war: this ground is skepticism.

A short war, to be sure, would favor dictatorships, because their strength is hectic. They have to fear the sustained national effort by which democracies would probably gain. But the next major war is by no means likely to be short. That it will be long, and so much the more disastrous, is one of the reasons which render the dictatorial policy of intimidation in times of peace so effective. Dictators are masters of bluff and stunt, in domestic policy as well as in international relations. Only the patience, not the morale, of their nations has so far been put to a severe test.

XVI

THE CHALLENGE OF WAR TO THE CHRISTIAN CHURCHES

By CARL MAYER

IT MIGHT seem as if the question of the Churches' attitude toward war should permit of only one answer, following logically from the very first principles upon which the Christian Churches are founded. War, so the argument might go, is the radical antithesis to all that is fundamental in the Christian belief. War is hatred, force, violence, wanton destruction of human life; the basis of Christianity—the rock upon which it is built—is the principle of love, in the two dimensions of love of God and love of one's neighbor as created in the image of God. Hence war seems to be sin and the only answer possible for the Christian Churches would seem to be a radical and unequivocal *no*.

The attitude toward war as expressed in the New Testament is a problem still open to interpretation. The uncertainty springs chiefly from the ambiguity of certain passages which apparently eulogize force and the "sword"—for example, Matthew x, 34, Luke xii, 51-53, and Revelation xiii, 10. It seems to me, however, that, in spite of ambiguous passages and in spite of there being no special commandment regarding war, the fundamentally new attitude toward life, as expressed in

the law of love and manifested in the *kenosis* of Jesus, excludes all possibility of accepting war. The attempt of political scientists and others to make us believe—by pointing to the difference in the words πολέμιος and ἐχθρός—that the commandment in the Sermon on the Mount to love one's enemy refers only to a private, not to a public, enemy is doomed to failure from the very beginning and even philologically it is untenable.

Yet despite theoretical speculation the fact stands out quite clearly that an unequivocal repudiation of war is not *the* or the *only* attitude accepted by the Christian Churches. If there is radical repudiation of war because war is felt to be sin, there is also acceptance of war as a necessity of human social life. Beside the Quaker stands the conservative Lutheran, and between them all shades of a more or less positive or negative attitude can be detected. What actually characterizes the situation is that instead of a common attitude toward war, as one might have expected, there is clearly discernible within the Christian Churches a wide variety of most divergent views.

Leaving aside the finer shades of difference it is possible to distinguish three typical attitudes, and accordingly three theories regarding the problem of war, represented respectively by Catholicism, conservative Protestantism and radical-liberal Protestantism.

I

The theory of Catholicism is clearly developed. Its principles are established in the great tradition of Catholic theology and philosophy, mainly in Augustine, Thomas Aquinas and the Spanish neo-scholastics. The present attitude is but the elaboration of these principles and their adaptation to the conditions of modern times.

The theory starts, of course, with the Catholic philosophy

of the state which, briefly, consists of three tenets.¹ First, the origin of the state is to be found in the naturally given sociability of human nature and the attendant necessity of an authority. The state, as Eppstein has put it, is "the fitting outcome of the natural needs of man as a social animal," and to this extent the state is good. It is, so to speak, a natural phenomenon, given with the existence of the world as God's creation; it does not spring from any necessities of the fallen world, and in its essential nature it is untainted by sin.

Second, the purpose of the state is the creation and maintenance of order—that state of social relationship wherein each factor of human society is given its proper place, or in which things equal and unequal are allotted to their own places. Thus the purpose of the state is to secure unity in multiplicity, and the chief duty of the authorities is the introduction, maintenance and promotion of peace, for peace is no more than the stability that comes with order: *pax est tranquillitas ordinis*.

Third, if the state is to maintain order and thus secure peace it is necessary that it be submitted to a higher authority or to a higher law than itself—a law which, on the one hand, prevents the political order from being completely given over to a human caprice that would entail injustice and disorder, and, on the other hand, relates the order of the state to the higher order, that is, to the divine norm, and thus brings about the reign of God on earth, identical with the reign of reason. This higher law is natural law, providing the link between the human-social realm of this earth and the supernatural realm of divinity. Only if this condition is fulfilled, and the norm of natural law is observed in political matters, can the purpose of the state ultimately materialize and order and peace be established. For peace is not only the stability that springs from

¹ Cf. particularly Henry Gigon, *The Ethics of Peace and War* (London 1935), and John Eppstein, *The Catholic Tradition and the Law of Nations* (London 1935).

order, but also the effect of which "charity" is the ultimate cause: *pax est proprius effectus caritatis*.

What place has war in the context of these ideas? In the first place, war is not a natural state of affairs, man's nature being intrinsically peaceful. In the second place, war is in no circumstances the natural law of the political order; in fact, it is the very contrary of all that is constitutive in the political framework. It is clearly a violation of peace, and since peace is the ultimate goal of political life war is against the order that God has willed and ordained. Hence war is sin, war is evil, war is crime.

But though war as such is sin, evil, crime, it is not *always* a sin, not always an evil, not always a crime. As a result of the imperfections of human nature and the sinfulness that permeates the world, there is always in social life a temptation to injustice, a temptation to greed and covetousness, which jeopardizes the very foundation upon which the order of the state is built. To offset the dangers inherent in these latent possibilities of man the state must be given the power to do everything possible to maintain or, if necessary, to restore order. If everything else fails, the authorities must be given the right to use force, and this means the right to take refuge in war as the *ultima ratio*. In other words, although war in itself and in abstract terms is a sin, it may be permissible if circumstances arise that can be met only by war. It then takes on the character of *bellum justum*.

Are there objective criteria for discovering if and when a war is just? According to the scholastic theory there is no doubt that such criteria exist; they are given in the objective norm of justice, which demands that the following conditions must be fulfilled: there must be a just cause for war; there must be the right intention in war; and there must be a legitimate authority, since only the legitimate authority has the right to wage war.

In the precise terms of a modern scholastic philosopher who, however, only summarizes the old Augustinian doctrine: for a war to be just and therefore permissible "(1) It must have a *just cause*: this can only be a grave injury received (e.g. actual invasion: . . . grave harm to citizens . . . denial of peaceful trade . . .) or a great injustice perpetrated upon others . . . (2) It must be *necessary* . . . (3) It must be . . . formally *declared*. (4) It must be declared and waged only by the *sovereign authority* in the state . . . (5) The good to be attained by war must be . . . *greater than the certain evils* . . . which war entails. (6) A *right intention*² must actuate . . . the . . . war. That intention can only be the restoration or attainment of true peace. (7) *Only so much violence* may be used *as is necessary*."³

As final amplification of this point of view statements of Thomas Aquinas and Vittoria may be cited. Thomas Aquinas declared that war is justified if it is carried on "with the hope of amendment of the culprit, or at least of checking him and securing tranquillity for others, of safeguarding justice and God's honor and of course, if all other circumstances can be observed, such an act is licit."⁴ And, in the words of Vittoria, "Every State has authority to declare and to make war. . . . A State is within its rights not only in defending itself, but also in avenging itself and its subjects and in redressing wrongs. This is proved by what Aristotle says in the third book of his *Politics*, namely, that a State ought to be sufficient unto itself. But it can not adequately protect the public weal and the position of the State if it can not avenge a wrong and take measures against its enemies, for wrongdoers would be-

² "The desire to injure, cruelty in taking vengeance, implacable temper, savagery in attack, lust for dominion—these and the like are rightly condemned in war" (Augustine, *Contra Faustum*, xxii, 74).

³ Eppstein, p. 93.

⁴ *Summa*, IIa, IIac, Q cviii art. 3, ad 3.

come readier and bolder for wrongdoing if they could do wrong with impunity. It is, therefore, imperative for the ordering of human affairs that this authority be allowed to States.”⁵

In short, then, according to Catholic theory war is generally not permissible because war is sin. But it is permissible if and when it is an act of justice, as examined by the standards set up by scholastic philosophy. At all events, war can be accepted only as the last resort, after all other devices of statecraft have failed. Therefore it can never be extolled or glorified, and the Christian should have a feeling of sadness if he is compelled to accept war as necessary, because he is aware that war is *always* an evil and *almost always* sin.

It is only in keeping with the general traditional attitude which Catholicism displays that in confronting the problem of modern war no need is felt to change any of the general principles. Therefore official Catholicism is strictly opposed to any form of unqualified pacifism, even if it arise within its own ranks. As Gigon, one of the modern advocates of scholastic doctrine, has expressed it, complete pacifism is contrary to the teachings of Thomas Aquinas, and is also contrary to the doctrine of the fall and of the sinfulness of man, a doctrine which still holds, despite the dogma of redemption and of the renewal of the face of the earth.

In actual practice, however, it is being felt more and more that these principles, although true in themselves, have for two reasons grown virtually incapable of application. In the first place it is maintained that the character of war has changed to such an extent that the word *war* almost seems to denote another phenomenon. The stuff modern wars are made of is such as to exclude any distinction between right or wrong wars. War today, in the words of Benedict xv, has become a “terrible butchery,” an “anti-Christian slaughter,” a “disgrace

⁵ *De Indis et de jure belli selectiones*, Classics of International Law, no. 7 (Washington 1917), pp. 424-25.

to Europe." The next war, according to Pius XI, would be "monstrous homicide and almost certainly suicide." Wars of such a character are of necessity wrong wars and hence not permissible, according to scholastic doctrine. In the second place it is felt that the historical situation urgently calls for the realization of a principle which, although present in the scholastic doctrine, has been overshadowed by the principle of the self-sufficiency of the state (the state as a *communitas perfecta*). This is the principle of the "natural comity of nations." It is felt that this principle should be given a lasting shape in international institutions, in order to counteract the terrible dangers of self-destruction in modern war. If these institutions were established it would be to them that the right of war would have to be given. The consequence would be that the only war which today might with some justification be called a right war would be conducted not by the state but by the international authorities.

Thus the Catholic doctrine of peace and war, as applied to modern conditions, seems in practice to advance the idea that war ought to be abolished, although in theory the *bellum justum* is still maintained.

II

Although not so fully developed as the Catholic, the doctrine of conservative Protestantism regarding war can fairly well be deduced from the general principles expounded by the Reformers themselves and restated, reformulated and expanded in many ways by Protestant theologians today, for instance by such writers as Althaus, Brunner, Elert, Thielicke. The point of departure is the doctrine of the orders in creation. According to this doctrine human history, that is, the world in which man lives on this earth, is the result and at the same time the manifestation of the total sinfulness and depravity of man. It

is not the original or the "natural" order of things; on the contrary, it represents creation not only marred but fundamentally changed and decayed by sin—the κόσμος τῆς ἁμαρτίας or *corpus peccati*. Since it is of such a character it is always threatened by the danger of chaos and destruction which springs from sin. It is to stave off this danger so that the fabric of life may not be completely disrupted and life may continue somehow, that God has instituted objective "orders" into the world—orders which cannot, of course, be based on the principle of love, but must be based on the principle of force and compulsion.

One of the most important of these orders is the state. Thus the state is not merely the result of the sociability in man's nature, but is rather the result of, and the response to, the sinfulness in man, and it is only in this view that the real nature of the political order can be understood. The state, on the one hand, is clearly force, compulsion, and hence always one of the demonic powers in life; the New Testament clearly indicates this quality in calling the state ἐξουσίαι ὑπερέχουσαι (Romans XIII, 1, 1 Peter II, 13). But, on the other hand, the state is necessary in order to make life possible at all, and to establish some sort of peace and external justice and in this respect the state is good. The state, in short, is not only *poena peccati* but *remedium peccati*. As for the individual Christian, his attitude toward the state should be clear. It is laid down in Romans XIII, 1: "Let every soul be subject unto the higher powers. For there is no power but of God: the powers that be are ordained of God," and in Mark XII, 17: "Render to Caesar the things that are Caesar's." In other words, although well aware of the dialectic nature of the state, the Christian has the duty to subject himself freely to the political powers and render them obedience.

What is the norm or the law that underlies the political order? According to what standards should political actions

be judged? In contrast to the Catholic doctrine, conservative Protestantism repudiates the idea that these standards are contained in natural law, although it is true that some traces of the natural law theory are still observable in Protestantism even today, to say nothing of Calvin or Melanchthon or Johannes Gerhard. But on the whole the tendency in Protestantism is against the solution offered by the natural law theory: first, it is believed that human reason is incapable of apprehending the true content of natural law and is furthermore incapable of applying and shaping it to the concrete facts of the moment; and second, natural law does not adequately express the will of God, which reveals itself only in the "concrete" and in the "moment." In place of the natural law theory the idea is advanced that the political order carries its own norm. The political order is law unto itself and in this sense is autonomous. This means that the law must be found in the orders themselves, as given—in the irrationality of the *factum brutum*—because it is only in these given factors that God's will is accessible to us.⁶ It is the norm of concreteness and immanence that governs the body politic.

From this basis the doctrine of war follows logically. War, or to be precise, the possibility of war, is given with the very existence of the state, for the political order, based in the last resort on force and compulsion, presupposes of necessity the right to destroy life as an ultimate measure. Thus the possibility of war is always present and its inevitability in certain circumstances must be accepted the moment we accept the inevitability of the state. It would be foolish to deny the state the right to war.

The contention that war is an attribute of the state does not

⁶ This interpretation is not in itself sheer historicism, but it very often issues into it, especially if it is combined with Hegelian or Romantic philosophy, as has often happened in German Lutheran theology.

mean, of course, that all wars are to be accepted. There are wars which are loosed for sheer lust for power, or in order to satisfy the demon of national arrogance, or wars that are started irresponsibly without due consideration by the political authorities of the true welfare of the community.⁷ In what circumstances, then, is a war justified? The answer is that a war is justified if and when it is in accordance with the necessities of "history." If it is in such accordance it is not only justified but is a *just* war, or, as Fichte has called it, *ein wahrhafter Krieg*, since it fulfills and executes the true justice that is hidden in history. It may be difficult to find out what the necessities of "history" are, and ultimately they can be discovered only by faith; but for determining the justness of war no other criterion or measuring rod is available to us. All others, especially the criteria of the scholastic doctrine, would fail to do justice to the true meaning of life and the irrationality of history.

The Christian must fully realize that war is the most blatant manifestation of the sinfulness of man and the sharpest denial of the principle of love, but that in spite of this it cannot simply be rejected. It must be accepted inasmuch as the possibility of war is a part of the reality of the political life, which no one can escape. Thus the only attitude open to the Christian is—if war becomes inevitable—to accept it in obedience to the will of God, even if no rational understanding of this course is possible. As for the Sermon on the Mount and its principle of love, it should be interpreted as a polemic provocation (*σκάνδαλον*) because, although it is the very foundation of the Gospel, it is actually impossible of fulfillment by man.

Conservative Protestantism has not yet evolved a common view on the particular question of the modern war. Para-

⁷ Cf. Luther, Weimarer Ausgabe, VI 265, 21 ff., XI 277, 28 ff. Cf. also Paul Althaus, "Krieg," in *Religion in Geschichte und Gegenwart* (2nd ed., Tübingen 1926).

doxically enough, however, the opinion is increasingly held that the application of these general principles to the specific conditions of modern war calls for the abolition of war today, for history has developed to a point where war has become suicidal and provides no solution for anything. The idea is advanced that war should be replaced by other means of political struggle, not because war is not permissible for religious reasons but because the logic of history is against it and it has thus become obsolete. Thus the interesting situation has arisen that on the basis of a fundamental acceptance of war there has emerged in practice an abjuration of modern war, with the consequence that large groups of conservative Protestants today advocate pacifism on strictly political grounds.

III

In comparison with the realistic pacifism of Catholicism and the political pacifism of conservative Protestantism the attitude of radical and liberal Protestantism toward war is what I should like to call genuine pacifism. It exists in two forms: radical pacifism on strictly religious grounds, today represented in pure form only in small circles, but to be found also, with qualifications, in such groups as the Quakers; humanitarian pacifism on religious-moral grounds, represented today by large groups of liberal Protestantism. Although the two forms are historically closely related—the latter being the secularized type of the former—they differ radically in their theoretical foundations and must therefore be considered separately.

Radical or strictly religious pacifism rests upon the eschatological, or in some cases utopian, interpretation of the Christian message. The "world" in the sense of the *αἶὼν οὗτος* is believed to be full of sin and hence governed by the law of coercion and force. Within it war is inescapable. But this

world is doomed and the Kingdom of God is soon to come. Then the law of love and the reign of peace will replace the law of force and the reign of war. It follows that the attitude of the Christian toward the "world" is necessarily an attitude of negation. The world and all that constitutes it—the social, political, economic order, in other words, the powers that be—must be repudiated. Although the Christian has to live in this world he must make as little compromise as possible. He must always be a stranger and live aside, waiting and preparing for the Kingdom of God. As for war, he must radically reject it. He must be a "conscientious objector" and must in no way associate himself with military activities. War is violence, and Christ forbids all violence and commands us to love even our enemies. Therefore not the slightest compromise is permissible. An unqualified pacifism is the only attitude that a Christian can have.

Humanitarian pacifism is based upon the moralistic interpretation of the Christian belief, which in turn is buttressed by a philosophy of rationalism and optimism. It is believed that the world, although marred by sin, is fundamentally good. Today, to be sure, it is still in a state of imperfection and is governed by the dark forces of sin, ignorance and ill-will. Yet the world can be changed and brought to higher perfection, and indeed can be redeemed, by the free exercise of reason, goodwill and moral behavior. The problem of sin can be solved by increasing rationality. It will be a long process of progression but in the end the Kingdom of God will be brought to this earth, for the Kingdom of God is a sociological rather than an eschatological problem and is attainable by the power of man himself.

Thus war is clearly to be abhorred. War is force, and hence not only against the commands of the Sermon on the Mount but also against morality and humanity. But war can be abolished. Since it is an attribute of the imperfect state of the

world it will eventually disappear in the process of the perfection of man and society that is taking place. The duty of the Christian is clearly to repudiate war. It may be that under certain conditions compromises become imperative—as is always the case in dealing with the state—but on the whole a pacifism which is in accordance with moral as well as religious commands is what is demanded of a true Christian.⁸

IV

Whether war is interpreted as avoidable or as unavoidable on this earth, whether it is believed to be the foundation or only an aberration of political life, whether the Christian's duty is to accept war as a sad necessity or to reject it radically, whether it is believed that peace can be truly established on this earth or that peace can never be really attained and if attained is no more than a truce or an armistice based on strife and contention—whatever interpretation is given of the problem of war and peace, it is everywhere acknowledged that it is the primary duty of the Christian Churches to promote peace as best they can. The ideal of peace is paramount in the Christian belief: the Kingdom of God is always conceived as the era when real peace will reign. And no matter in what terms peace itself is interpreted—as a political phenomenon or as a purely spiritual one, belonging to the intimacy of man's consciousness—no matter what tension there is between the Kingdom of God and the world of today, the obligation is felt to do everything possible to achieve peace on this earth, even if it be only external and imperfect. In

⁸ A brief survey of the main positions held today by the various Christian Churches and groups may be found in the report of the conference held at Oxford, July 1937, on Church, Community and State, *The Churches Survey Their Task* (London 1937), ch. 5, especially pp. 179 ff.

other words, the Christian's duty is "to follow after the things that make for peace." *Pax huic domo*—it was with these words that the first Apostles announced their coming as they spread the Gospel through the ancient world.

How, then, have the Christian Churches fulfilled the duty of peacemaking? How do they strive for peace today? What are the methods which they consider the best suited to attain that end? Again, contrary to theoretical expectations, a wide variety of divergent views can be discerned, ranging from the idea that the Church ought to give its most active support to political institutions such as the League of Nations and the Permanent Court of International Justice, to the opinion that the Church best serves the end of peace by concentrating all its activities on the preaching of the Gospel. We may again examine briefly the more important and typical positions held today by the various groups.

In accordance with its general nature, the position of Catholicism⁹ is a combination of various principles. It consists mainly in the exposition of three methods which are clearly felt to be desirable in the light of Catholic tradition. The first and paramount thing that the Church has to do is to preach to the world the Catholic doctrine and to try to reinforce and sustain the principles on which this doctrine is founded. This means that the Church has in particular to restate, develop and expound the principles and the moral law by which human society ought to be governed—in other words, the doctrine of natural law—and see to it that obedience to this law is rendered by the political authorities. This is the eternal contribution the Church has to make to constructive peacemaking. The second duty of the Church today is the most active support of institutions and methods which have been evolved for the peaceful settlement of international disputes,

⁹ See in particular Eppstein, ch. 5.

such as the League of Nations, the establishment of international arbitration, the attempts to restrict the use of military force and to reduce armaments. Finally, the Church itself has to make active efforts to preserve, maintain and promote peace, either in active intervention (such as the intervention by the Pope in the World War) or in the form of encyclicals (such as the famous *Praeclara gratulationis*, 1894, of Leo XIII, *Pacem Dei munus*, 1920, of Benedict XV, and *Ubi arcano*, 1922, of Pius XI).

Along these three lines the Catholic Church has worked and still works today. It is with pride that Catholic writers refer to these efforts, whether successful or not, which they believe to overshadow many of the darker pages in the history of the Church.¹⁰

In Protestantism three distinctly different doctrines of peace-making have been developed, and hence three different types of activity are proposed. To a first group the best way by which the Church can help to establish peace is by supporting what we may call secular pacifism, and sometimes by identifying itself with the efforts of secular pacifism. It is believed that the duty of the Church is primarily to educate people to become peace-minded or international-minded, and to try to establish goodwill between nation and nation and state and state. In extreme cases the moral exhortation to peace-mindedness is coupled with an exhortation to renounce violence and to refuse to participate in any act of violence committed by the state. It is believed also that the Church should support all international institutions for the furthering of peace which already exist, and that it should attempt to enlarge and perfect these institutions so much that there will eventually be a body of international peace institutions able to render war virtually impossible.

¹⁰ See the monumental and impressive work of F. Mueller, *Das Friedenswerk der Kirche* (Berlin 1926).

A second group in Protestantism maintains that peace will not be arrived at by these methods. The mere establishment of international institutions which, so to speak, hang in the air does not help much. And moral appeals to be peace-minded or international-minded are futile in this world. They are as efficacious as "recommending health to a sick man" without doing anything further, or telling a drunkard that "he would be better off if sober."¹¹ No, the duty of the Church is not to remain on the surface of the problem, but is to press to the final causes that make for war today and help to remove them so that peace may really be established. The problem of war is a problem of peace and resides in the peculiar conditions of the latter's structure. Whether the causes of war are seen in the economic ills of the time—as is the case with some of the Religious Socialists or the English Distributionists—or in the scourge of nationalism or ultimately in the tragic nature of man itself, the obligation of the Churches is to point to these causes, and for solving the problems they imply make use of the genuine Christian doctrines of man and society.

In the opinion of the third group—the most radical of the three—neither of the two methods proposed will work. Moralism will not serve, nor will any measure in the political-social field. Activities in the political field are subject to the necessities of the political realm, from which the possibility of war derives, so that it would be foolish to assume that any political measure could overcome war. Besides, the Church's primary task cannot be to meddle directly with the political affairs of this world. The only way open for the Christian Church to promote peace is the preaching of the gospel of love and—no more. It is clearly realized that this is

¹¹ V. A. Demant, in Oxford World Conference, series on Church, Community and State, vol. 7, *The Universal Church and the World of Nations* (London 1938), p. 174.

paradoxical, even absurd. But it is believed that the only salvation and the only hope for a redemption of the world, and thus for real peace, is the preaching of the Gospel, for ultimately it will change the face of the earth. Thus political actions are excluded because they have no sense. The only thing permissible in the field of action is the furtherance of the oecumenical movement within the Church because in that, as a non-political movement, there may be hope that beyond all political differences the idea of a common brotherhood will be realized and perhaps eventually bear some fruit in the political realm itself. But this is the only action in which the Church, apart from preaching the Gospel, is allowed to engage.

v

So far I have been concerned only with the doctrines and attitudes and actions of the Christian Churches regarding peace and war. My question now concerns the objective existence of the Church itself. Regarding the problem of war and peace, what possible importance is there in the fact that there is a Church or that there are Churches? In the struggle for peace is there any importance—irrespective of whatever theories, doctrines, attitudes it may have—in the existence of this objective phenomenon called Church?

To this problem I wish to give a tentative answer in the form of two propositions. The first is this: theoretically the Church, in the sense of the *una sancta catholica*, is a force of tremendous importance in the struggle for peace today.

Why? For the sake of brevity we may assume that the metaphysical self-sufficiency of the modern national state is the real cause of war—an assumption that can hardly be questioned—and that therefore, if there is to be peace, the only thing needed is to find that force which will counteract na-

tional self-sufficiency, that is, to find the principles which may furnish the basis for a real community between nations. Who, then, or what, can furnish these principles and this basis?

There was a time when it was contended that economic interdependence and the resultant common economic interests of all nations would furnish the principle. This great humane dream of economic liberalism at its best has remained a dream. Not only has it not materialized, but it seems that of necessity it must fail. As a sardonic critic has said, "You may as well put a variety of savage beasts together in one cage and tell them that they must tolerate each other and share their food equally or they must perish. But it would be simpler and more humane to confine them in different cages according to their kind. Such interdependence of peoples of widely different emotional organization begins to appear now to be merely multiplying occasions of discord. And the hope for anything from it is . . . illusory."¹²

At another time it was expected that common ideas and ideals, such as progress and enlightenment, would yield the desired result. They, it was hoped, would furnish a type of humanism strong enough for us to build upon it a political superstructure comparable to the League of Nations, or rather what was originally meant by Wilson's noble idealism. It would be constructed perhaps along the general lines of democracy and parliamentarianism, and it would bring about a real unification of the world. We have all witnessed the utter failure of these efforts and the dismal destruction of these ideals. Since it may be objected that empirical experiences do not offer proof sufficient to dispose of this way of thinking it is interesting to observe that only recently, from a strictly abstract biological approach, Bergson has come to conclusions which are likely to corroborate strongly what we

¹² T. S. Eliot, *Essays Ancient and Modern* (New York 1936), p. 130.

have learned from experience. He has shown there is every reason to believe that the transition from the national to the international state or, as he calls it, from the closed to the open society, will remain a dream, never or hardly ever to be fulfilled, since it is contrary to the principle of stubborn and reckless self-assertiveness in political life.¹⁸

It is my conviction that only the Church—in the strict sense of the *una sancta catholica*—will be able to secure that basis of humanism which is capable of resisting the destructive forces of nationalism and thus to provide the prerequisites for a real order of peace. The Church in the sense of ἐκκλησία is a spiritual reality based only on faith. It is not “world” and it is not of the order of the “world.” It is the eschatological factor within the world, and is thus a “charismatic” order distinguished from all political orders. Being of such a character, the Church and its claims must naturally be truly universal, since the Church cannot accept any divisions that are built upon the principles, ideas, interests, wishes and desires of the “world.” “And have put on the new man, which is renewed in knowledge after the image of Him that created him: where there is neither Greek nor Jew, circumcision nor uncircumcision, Barbarian, Scythian, bond nor free: but Christ is all, and in all” (Colossians III, 10-11).

It may be doubtful to the utmost whether physiologically or psychologically there is such a thing as a common human race. But there is a common *humanum* in spirit which manifests itself in a common goal; this is implicit in the very existence of this most strange and uncommon phenomenon, the Church. In the political realm men are separated from one another, subject to the necessities of the political order; in the charismatic order of the Church they are united and belong together as members of one body. Therefore the

¹⁸ Henri Bergson, *The Two Sources of Morality and Religion* (New York 1936).

Church is necessarily a source of unqualified humanism, even regarding the affairs of this world. As opposed to the divisions it cannot but emphasize the common. And as opposed to the tendency to make the part absolute it cannot but emphasize the relativity of the part and its solidarity with other parts. In other words, where there is the Church there can be no precedence of one race over another, or of one culture over another, or of one state over another, but the solidarity of all peoples must of necessity be acknowledged. It may be questioned whether there can be a real unification of the world, but if there is one, it can only be a religious unification.

If we thus theoretically ascribe to the Church the highest importance in the struggle for peace, we must add at once, however—and this then will be my second proposition—that actually there is little likelihood that this theoretical possibility will materialize and that this immense source of power can be drawn upon today in the efforts for peace.

In the first place, the Church is not only a spiritual reality but is also a social institution, and as a social institution it is subject to the laws of the world. "The Church is a human community and no delimitation of it from the rest of the world, be it ever so sharp, can obscure the plain fact that Church members are the same men, who, as statesmen and citizens, as magnates and workers, cause so much evil and foolishness and make so much distress both for themselves and for others."¹⁴ The Church becomes an economic institution, and hence economic interests enter into its considerations. Most important of all, however, is the fact that the Church becomes, in a sense, a national institution itself, and hence the virus of nationalism powerfully affects its own life, to such a degree that not even the Catholic Church has been

¹⁴ W. Menn in *The Universal Church and the World of Nations* p. 211.

able to prevent it from entering into its sacred halls. The result of all of this is that the Church as "idea" is greatly overshadowed, and at times almost consumed, by the Church as "reality."¹⁵

In the second place, the simple fact is that the Church occupies a rather insignificant and remote place in the framework of the modern world. To be sure, it still exercises great influence in many nations and among many groups. But on the whole the sway it has had over men's minds has gone. Christianity has largely shrunk from the horizon of the average man today. And no illusion on the part of Churchmen nor any self-complacency can obliterate the simple fact that ours is still the age of secularism.

¹⁵ Reference should be made to the interesting study by Ray Abrams, *Preachers Present Arms* (Philadelphia 1933); it contains valuable material but its theoretical basis seems to me untenable.

XVII

PEACE FOR OUR TIME

By MAX ASCOLI

I

WAR or peace? The citizens of England and France in September 1938 were repeatedly urged to make their choice. Did they want war with a Germany that disclaimed any ambition on their lands, or peace for the rest of their lives? The voice that urged the choice on them came not from the ranks of their leaders. It was Hitler's, raucously appealing to their interest and their sentiments, asking them to make up their minds, as it becomes citizens of great democracies, before taking a step in which their individual lives were at stake. Hitler spoke as a leader of English and French democracy, talking to all Englishmen and Frenchmen over the heads of their representatives and rulers and addressing himself especially to those who would have to do the actual fighting. His voice was given the widest possible resonance in every country; it was waited for and listened to as the announcement of man's destiny. It was not challenged by any one of the political or spiritual leaders to whom the masses look for direction, not by Stalin or by Léon Blum or by the Pope.

Hitler not only was using the democratic method by ad-

dress himself to individual Englishmen and Frenchmen, but was aiming at the democratic goal: to uphold the principle of self-determination, the right of all peoples to rule themselves as they please. The French right-wing press brazenly re-echoed Hitler's theme in the middle of September 1938: France, the traditional defender of liberty for all peoples, could not dishonor herself by forbidding the Sudeten Germans from entering the German Reich. The same line of thought was followed with somewhat more careful impudence by the Cliveden set in England: the cause of peace would be served by letting Germany have that fringe of Czech land populated by overenthusiastic nationalist Germans. The German claim was recognized by the leading cliques in the "democratic" countries as unimpeachable in its substance and disturbing only because of the procedure by which it was advanced. It had to be found when, how and to what extent Germany should be given territories that according to democratic principles belonged to her. The only serious danger of war was in the days between Godesberg and Munich and even then, when the French army and the British navy were being mobilized, the voice of Hitler came asking the Frenchmen already under the colors and the Englishmen busy digging trenches in the parks of London, what they liked better, war or peace.

Seldom, if ever, has a drama of history been staged with such large participation of the masses, and seldom has the traditional system of lying and bluffing through diplomatic channels been accompanied and supplemented by such extensive lying and bluffing in the open. The new methods of popular diplomacy were adopted in practice only by Germany. Just when the tragedy was nearing its end England slyly added some dramatic touches to her game: the flights of Chamberlain to Germany, his speech of September 27, the digging of trenches. But most of the time the "democratic"

governments proceeded with the old-fashioned petty hiding of truth and bidding for time. Thus the Nazi lies, re-echoed by friendly groups in all the other nations, strained the nerves of the world and twisted them so savagely that a Nazi victory could be accepted as a blissful relief. Three of these Nazi lies were particularly instrumental in pushing the English and the French to applaud the peace of Munich. The first is that the situation now prevailing in Europe may be called peace and that it has an avoidable alternative called war. The second is that the internal affairs of a nation are not the concern of another nation. The third is that the principle of self-determination can be applied to peoples ruled and dominated by a totalitarian party.

II

To have peace does not mean simply to supersede by the ritualism of diplomacy the systematic use of violence in the normal intercourse of nations. Peace is a specific system of international legal organization, a system of written and unwritten rules that the competitive game of national interests abides by. War, too, like peace, is a legal status, a mode of international life represented by a few rules which purport to discipline the game of violence. But while in war the national interest is promoted by bending all available resources and strengths to the vanquishing of the enemy, in peace the various interests are taken as reciprocally compatible.

The totalitarian powers have achieved what is nothing short of miraculous. They are neither at war nor at peace with the rest of the world; they have imposed a new state of international affairs which is well beyond the two old-fashioned systems of legal relationships among nations. All the traditional patterns of peacemaking, peace-keeping and war waging are of very little use in understanding the present

day world situation. Wars are started and fought without being declared, peace treaties are sealed which to millions of human beings bring suffering and humiliation of untold intensity. The point seems to have been reached where war is the dream of the meek and the downtrodden, the object of the pathetic, optimistic hope that the nightmare may in some way be brought to an end. But there is no war and there is no peace, and there seems to be little prospect for either in the immediate future. The rules and institutions of the international community have been reduced to insignificance, but the wheel of death has not been accelerated. The more peace becomes unendurable, the more war appears unthinkable: a horrible prospect that men may flirt with but will at the last minute try to avoid at any cost.

The leaders of dictatorial countries know that war and peace are now two emotional patterns representing two outworn legal orders. Their power is the outcome of revolutions, and they want to maintain in the world a revolutionary state of affairs. This is why they lie when they threaten war and negotiate peace. They do not bluff, as it is too frequently repeated, when they mobilize, and they do not necessarily intend to cheat when they seal an agreement. But when they do such things they follow a ceremonial pertaining to an order of society that they have outgrown. Their armies could certainly fight with professional bravery, and their diplomats may sign pacts under conditions of normal good faith. But a new situation has been created in which, as the dictators clearly understand, arms and peace treaties have their greatest usefulness as revolutionary tools aimed at upsetting and destroying the internal order of the other nations. The fear of fascist might and ruthlessness imposes hasty rearmament on the "democracies." It is difficult to say which arms strike a greater fear in these countries: those pointed toward them or those that they have to bear and perhaps some day use. In

England the only noticeable result of the rearmament which has been going on for four years seems to be that it has brought the dread of war nearer to the British people. This new ceremonial can go a long way, with its periodical giving up of arms, called peace, and its feverish rearmament in the afterthought of peace, until the next crisis comes along.

The "democracies" are subjected to a hard regimen. The burden of rearmament upsets and stiffens their economic structure; the pressure of international events cramps political opposition at home or reduces it to a mere sham; most important of all, their national leaders become at the same time discredited and irreplaceable. The dictators know their game. They do not insult the plain people of the non-fascist countries: indeed, they profess to be friendly to them. They finger out some particular man here and there, a Beneš, a Winston Churchill, an Anthony Eden, and manage to destroy their political careers. The victorious representatives of the Italian and the German revolutions bring all their might to bear upon these few targets of their hatred, so that the masses of the "democratic" nations may become leaderless. The fascist revolution, now of a universal scope, aims carefully at the nervous structure of each nation and knows its goal: the character, the intelligence, the freedom of men. Character is paralyzed by the widespread sense of the futility of all efforts, intelligence by the utter unpredictability of the immediate future, the sense of freedom by the constant pressure to choose between alternatives which are equally hateful and equally misleading—alternatives like war and peace for our time, or like bolshevism and fascism.

The revolution that now shakes the world had its first blundering test in the Russian experiment and the Communist International. Now it is proceeding with an impetus greater than any that could be provided by a dogma or by a strategic, centralized command. It is the unwinding of civi-

lization. We still talk about the chances of war breaking out, of peace being maintained and bettered; we consume our days with these doubts and thoughts, and feverishly tune in our radios when we hope to hear from Hitler's voice the announcement of our destiny. This anxiety but proves that we are being tossed about by the turmoil of the revolution. War and peace belong to an era of well-defined national boundaries, of power politics, of fairly settled rules differentiating the regimented slaughter on the battlefield and the bloodless struggle of civil life. Such conditions will certainly come back. But for the present that revolution which has taken the name of fascism is shaking the structure of every civilized country. It has, for the present, outlawed war as well as peace, and it tantalizes men to the point of torture by constantly urging them to make a choice that the revolution itself has outlawed.

III

With the same recklessness that they show in exploiting the unwillingness to go voluntarily into war the dictators shout to the citizens of the foreign countries that they have no right to meddle in what happens in Italy, in Germany and in Japan. This arrogance is not hampered by the fact that the fascist powers are flooding the world with their propaganda and have created a major international disturbance with their persecution and banishment of the Jews. Still, even if the behavior of the fascist powers were more correct, and even if they were not following a policy of racial discrimination, it can be questioned whether our times can afford the luxury of a totalitarian government in any one major country. We always talk about the world becoming a closer and closer unity because of the growing interdependence among individuals and among nations; but it is difficult to realize to what extent all this is true. Universality sounded like a mor-

alistic concept until a few decades ago. Philosophers used to teach us to have it always in mind as the highest pattern that our behavior can aim at. It was a lofty mystical idea, a particularization of infinity to the human race. Today we can actually hear and see universality; relevant samples of what occurs in the universe can almost immediately be brought within the range of our senses. "Act as if your action established a precedent of universal value." At least in the social sphere the comparison is no longer hypothetical. What was a stern imperative for Kant has become a plain indicative, as is obviously exemplified in today's national and international order.

Russia and Italy—one a self-sufficient empire, the other the least conspicuous among the great powers of Europe—could be thought of as two countries enough out of the way to be peculiar each to itself. Yet all men seeking the outlawing of private profit have found in the Soviets a model worthy of imitation in their own countries, and all those wishing a hierarchical order based on the prohibition of democratic politics have found their working ideal in fascism. This means that these new political regimes have become patterns of universal inspiration, have determined international trends and given birth to parties and emotions cutting across all national barriers. Boundaries may serve to check the flow of trade, not of ideologies and passions. The legal technicalities of citizenship are a poor hindrance to the loyalty of men toward those countries which bring their ideals to actuality.

Of course the fascist as well as the communist leaders are quite aware of the fact that they are at the head of international political parties and that the very existence of their power undermines the political regimes of all other countries. They insist on the principle of non-interference because they are revolutionary leaders and have to exploit to the last all the institutions and traditions that they have overcome. They

cannot help frightening and wearing out the nerves of all men, confusing their sense of truth, discrediting the institutions of freedom. An election in the United States which registers a shift of public opinion, whether to the right or to the left, is something so damaging to the totalitarian leaders that they must immediately hide its relevance and smear its protagonists. As long as there are in the world countries where the citizens exert an influence on their political future by choosing between different programs, the dictators cannot feel secure. They must exploit and confound the respect that civilized men have for one another's opinions, by emphatically asserting that the totalitarian regimes are in no way the concern of other nations.

Totalitarianism is the result of this all-around forcible expansion of modern tyranny. The systematic denial of freedom and tolerance can gain legitimacy only when extended well beyond national boundaries and well beneath the crust of diplomatic relationships. This process of extension rolls mercilessly, one wave after another. Suppression of the freedom of trade unions leads to the crushing of independent capitalism; the subjection of the teacher brings about the persecution of the priest; the denial of tolerance to independent or opposite political parties becomes an encroachment on the sovereignty and freedom of other peoples. This is the way of all dictatorships in modern times, not the result of the leaders' will. What the leaders can do is to befog the minds of men by constantly stating in eloquent words what is the literal opposite of the truth. Thus they declare that their regimes are based on the people and particularly on the workers, that they promote individual creativeness, that they respect culture and religion, that in international life they wish simply to live and let live.

Such unrelenting lying is at the same time pedantic and bold. The whole life of dictatorship is away from truth and against truth, just as it is decidedly against peaceful cohabita-

tion with peoples organized under a different system of government. In our time ways of living and forms of government unfurl in all their potentialities with a speed and thoroughness as if their inner strength were multiplied by all the modern means of communication and production. Beneath the struggle of opposite religions in the sixteenth¹ and seventeenth centuries there was a common political and social life, a common level on which the warring factions met in the end. Beneath the struggle of capitalism and collectivism there is the solid fact of production and the universal need for it. Beneath the struggle of fascism against freedom, nothing is left. The opponents are on different levels, do not speak the same language, use untranslatable symbols. It is not exactly a struggle of truth against lies; many leaders of the so-called democracies have a rather limited claim to appear as bearers of virtue. But the non-fascist regimes have not outlawed truth, and fascism has. Either fascism kills every bud of truth or it is doomed. It has to suppress every autonomy or it may collapse at any moment. The tense unity and interdependence of the world, the calling of every individual to his nation's life, force fascism to go the whole way without any chance of resting in a moderate equilibrium between opposite dangers and vices, as many a democracy does. Fascism means the extension to the universal of the will to evil. The first article of this will is that respect must surround the nations that desire to give up their political freedom, or the masses that desire to enter into a totalitarian rule.

But the hard experience of our time proves that when the citizens of a nation voluntarily or involuntarily give up their political freedom they endanger the citizens of all the other nations, and that by losing free institutions they forfeit their right to national independence. This is a principle not deduced from any natural law or international agreement, but deriving from sheer facts as a first principle of that common

law of the international community which is slowly being shaped out of hard experience. The coexistence of sharply opposite political systems or ways of living was possible in a world not so organized and interdependent as our own. The very ruthlessness of fascist intolerance proves that in an extremely narrow and packed world there must be rules to discipline this coexistence, rules that we become slowly aware of.

In the same way as a nation forfeits the right to rule itself as it pleases when it adopts a totalitarian regime, so the principle of self-determination cannot be claimed by men enrolled in a totalitarian party. According to the principle of nationality Germany had a reasonable claim to Austria: Germany, but not Hitler. The very existence of the Henlein party should have nullified the ambitions of the German nationalists in the Sudeten region. Elections (and particularly the so-called plebiscites) have their justification in the fact that they are a substitute for violence; they become a sinister farce when they are an equivalent of violence or a legitimization of it. Voting, as Thoreau said, is gambling: in civil life men can gamble a part of their fortune and a stake on their future; it is extremely questionable whether they can risk the whole of their fortune, but certainly in times of peace they cannot be allowed to gamble their lives. Again, these are principles not deduced from any transcendental rules of natural law, but shaped by our immediate experience. Our minds are so made that we see a truth because of a lie, a law because of a crime. We get a glimpse of what is good because of that willful universality of evil which is fascism.

The fascist technique of lying follows an extremely simple pattern. Every institution or tradition is stretched to and beyond the point where it becomes absurd and works against itself. So the fascists use the party system in order to destroy it, elections in order to make any future choice impossible, the ceremonial of peace in order to upset the world. Having

thus reached the point where every principle is lost in sophistry they settle there and do their work. This region is their conquest, and in a way their discovery. It lies beyond the boundaries of what is called fair play, minimum decency in the intercourse among nations and among men, minimum respect for human personality. These boundaries were for many decades left unguarded, as if no such low level could be reached where civilization withers away. Today we know that the fascist peace is not a substitute for, but a poisonous equivalent of, war. We are becoming increasingly aware that there is no real peace in the world as long as the lies which make the fascist strength remain unchallenged.

IV

Peace for our time, the peace of Munich, is vitiated by the absurd presupposition that fascism can be checked by bringing it within the legal order of peace. Yet for all its absurdity it fulfills a function of extraordinary usefulness: it is gradually bringing home to all of us, with that universality which is the supreme law of our time, the realization that there is no common ground between the fascist revolution and the normal order of nations, no matter how corrupted they become. There could be peace between the pre-existing regimes and other revolutions, even between the rest of the world and Soviet bolshevism. That awkward teacher of fascism has gradually had to accept the international rules by considering them as strategical tools, and with regimented shrewdness it has belatedly come to the support of international democracy. With the economic and social order of fascism the leading "democratic" nations find many points of congeniality, yet they are realizing more and more that fascism is so elusive, so master of its own technique, that it cannot be relied upon for any kind of understanding or pact. Such a realization can

become mature and universal only through repeated tests and trials, not through the persuasion of reason or ideologies. It is extremely hard to reach the certainty that fascism is something absolutely peculiar to our own times, without precedents—a specific deadly disease of our civilization. We have been so much accustomed to judge regimes and institutions as a constant blend of moderate virtues and tolerable vices that we have grown unprepared for the idea that such a thing can exist as the systematic organization of unmitigated evil.

Yet a war that started in the days of Munich, and for the issues settled there, could have been equally absurd as the Munich peace. The leaders of the opponents were at the same time too similar and too different; the irreconcilability between the methods of fascism and those of the “democracies” had not been thoroughly measured, and the fascist powers could boast of playing with a vengeance that game of power politics that they had learned from the “democracies.” The evil will was still partially hidden behind a wide display of democratic rights. No one in Europe in any position of importance called the lie on fascism; rather the leaders of the “democracies” proved to be crushed by the responsibilities that chance had thrown upon them, and paralyzed by the fascist bluntness. How could the people of the “democracies” have fought under such men, for the defense of the intrigues of Versailles in order to prevent those of Munich? The war of September 1938 would have been the resumption of the last war fought by men who knew where the last war had led to.

In reality the overwhelming majority of the people in every country had a horror of that war as they now have a horror of this peace. They are still tossed around by the fascist revolution, abhorring the fascist lies, having still to find their own truth. Perhaps the seed of this truth is already present in our contradictory reactions and upset sentiments. The fascist revo-

lution is outlawing peace and war by making peace increasingly unbearable and the prospect of war appalling; every civilized man is today at the same time the victim and the instrument of fascism, by equally hating its war and its peace. But there is a point at which the disorientation brought about by the revolution can determine a new course that the revolutionary leaders will not be able to control. Instinctively men feel the need to break away from all such sources of infection, to cleanse themselves of anything having to do with them. Naïve and contradictory reactions of striking similarity are developing everywhere, and particularly in the United States, the country that since its foundation has been the exemplar of democracy. From time to time President Roosevelt himself suggests adequate expressions of this state of mind, as when he spoke about a quarantine that the aggressor nations should be subjected to, or about measures short of war but more effective than mere words. These are the declarations of the spokesman of a people and not of the head of a state; no diplomacy could work them out—as yet.

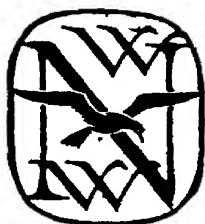
This state of mind is still groping for its adequate policy, but it is powerful. It has all the weight of that common law of experience which is being articulated rapidly during these fateful decades. There is no use in contact of any type with Germany, as an increasingly large number of people feel. The naïvest and bluntest among those on this side of the Atlantic go so far as to say there is no use in any contact with Europe. Essentially the trend is the same, formulated with greater or lesser sophistication: the need of establishing a barrier against what is infected. At the same time no one feels indifferent to the horrors and the policies of fascism. It becomes constantly clearer that the fascist leaders are playing not only with the lives and destiny of their own countrymen, but with the very substance of human life the world over, that principles we are only now becoming aware of are constantly violated by them,

d that the distinction between foreign and internal policy is fading into meaninglessness. The business of the peoples under fascism is the business of all civilized men. The peoples subjected to fascist rule have themselves reactions which are substantially not different from those of other men, as is proved by the fear of war that overtook Germany in September 1938 and by the Italians' stubborn resistance to their government in the anti-Semitic persecutions. An ever larger number of men inside and outside the fascist countries realize that no success is going to satiate the dictators and that there is no end in sight in the way that starts from Munich.

It is conceivable that the fascist revolution may be stopped either by war nor by peace but by another revolution. This revolution must come out of the inner realization in the masses of men of what this evil is, and of the forces that the very presence of this evil is awakening. This moral and political reorientation has to work its way inside and outside the totalitarian countries. It can be made compellingly effective by deliberate unwillingness to play the dictator's game. It has to be accompanied by a will to purify democracy of all the sordidness and hypocrisy that fascism has absorbed and multiplied. We have to reach the understanding that the self-termination of peoples and their right to decide about their own rules cannot be construed as a right to encroach on the dependence and freedom of other peoples. Internal political freedom is based on external reciprocal limitations. No one can be free to set the world afire, at least in the small world we live in: else the unwinding of civilization will go its full way.

Perhaps peace may really come in our time, and all the preparations for war that men are now making may prove to be substitutes for war. Perhaps we have had in fascism an equivalent to war. What we need is clear-sightedness and determination in bringing to a unity the muddle of popular sen-

timents which are already set in the right direction. By refusing to comply with fascism, by quietly and firmly facing its challenges and threats, by active demonstrations of concern for the peoples that fascism keeps under its grip, it will be possible to do something for real peace with means which are short of war and more effective than mere words. Fascism may have more Munichs that will make men more and more aware. It cannot stand an international blockade: within the fascist countries and the fascist parties there are men. The day is perhaps not far away when we shall realize that fascism is not only a colossal lie but an incredible husk.



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